

In the opinion of Dickinson Wright PLLC, Bond Counsel, and the Attorney General of the State of Michigan, subject to compliance with certain covenants, under existing law: (a) the interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes, except as described under "Tax Matters" herein; and (b) the Series 2008 Bonds and the interest thereon are exempt from all taxation of the State of Michigan or a subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "Tax Matters" herein.

\$3,885,000

**MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY
LIMITED OBLIGATION VARIABLE RATE DEMAND REVENUE BONDS
(MICHIGAN TECHNICAL ACADEMY PROJECT), SERIES 2008**

Dated: Date of Initial Delivery**Price: 100%****Due: February1, 2038****CUSIP# No. 594569 CTO**

The Limited Obligation Variable Rate Demand Revenue Bonds (Michigan Technical Academy Project), Series 2008 (the "Series 2008 Bonds") are being issued by the Michigan Public Educational Facilities Authority (the "Authority") pursuant to a Trust Indenture, dated as of February 1, 2006 (the "Original Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as Trustee (the "Trustee"), as supplemented by a 2008 Supplemental Trust Indenture, dated as of July 1, 2008, between the Authority and the Trustee (the "Supplemental Indenture" and together with the Original Indenture, the "Indenture"). The Series 2008 Bonds are being issued on parity with those certain \$6,950,000 Michigan Public Educational Facilities Authority Limited Obligation Revenue Bonds (Michigan Technical Academy Project), Series 2006 of the Authority issued pursuant to the Original Indenture (the "Series 2006 Bonds"). The proceeds from the sale of the Series 2008 Bonds will be used to provide funds to purchase the School Building and Site Bond, Series 2008 (the "2008 Municipal Obligation") of Michigan Technical Academy (the "Academy") issued pursuant to Act 451, Public Acts of Michigan, 1976, as amended. Proceeds from the sale of the 2008 Municipal Obligation will be used by the Academy: (a) to finance the construction of an addition to, renovation of, and equipping and furnishing of a public school academy facility and related site improvements all to be operated by the Academy; (b) to pay capitalized interest on the Series 2008 Bonds; and (c) to pay costs of issuance relating to the Series 2008 Bonds. The Series 2008 Bonds are limited obligations of the Authority payable solely from the sources described in this Official Statement. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE STATE OF MICHIGAN, CENTRAL MICHIGAN UNIVERSITY NOR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF MICHIGAN IS PLEDGED FOR THE ACADEMY'S OBLIGATION TO MAKE PAYMENTS UNDER THE 2008 MUNICIPAL OBLIGATION OR FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2008 BONDS. The Authority has no taxing power. The Series 2008 Bonds will be payable from payments drawn by the Trustee under an irrevocable direct pay letter of credit (the "Letter of Credit") relating to the Series 2008 Bonds issued by



an Ohio banking corporation (the "Bank"), or by any successor issuer of a Substitute Credit Facility, as described in this Official Statement. The initial Letter of Credit expires no later than July 15, 2011.

The Letter of Credit will permit the Trustee to draw up to (a) the principal amount of the Series 2008 Bonds outstanding to enable the Trustee to pay (i) the principal amount of the Series 2008 Bonds when due upon maturity or any optional or mandatory redemption, or upon acceleration on the occurrence of an event of default, and (ii) an amount equal to the principal portion of the purchase price of any Series 2008 Bonds tendered for purchase by the owners thereof and not remarketed on the Purchase Date, proposed Conversion Date, or Conversion Date, plus (b) an amount not to exceed 45 days' maximum accrued interest calculated at the maximum rate of 10% per annum to enable the Trustee to pay interest on the Series 2008 Bonds. The Academy may provide for an Alternate Letter of Credit under the terms described in this Official Statement to replace the Letter of Credit or any Alternate Letter of Credit. THE LETTER OF CREDIT DOES NOT COVER ANY REDEMPTION PREMIUM WHICH MAY BE PAYABLE WITH RESPECT TO THE BONDS.

The Series 2008 Bonds are issuable as fully registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, ("DTC"), which will act as securities depository for the Series 2008 Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$100,000 or any integral multiple of \$5,000 in excess thereof while the Series 2008 Bonds bear interest at the Variable Rate. Beneficial owners will not receive certificates representing their ownership interest in the Series 2008 Bonds purchased. See "THE SERIES 2008 BONDS - Book-Entry Only System" in this Official Statement. The principal of and the redemption premium, if any, on the Series 2008 Bonds and the purchase price of the Series 2008 Bonds will be payable at the designated corporate trust office of the Trustee. Interest on the Series 2008 Bonds will be payable by wire transfer to DTC which will, in turn, remit such payment to DTC's Participants for subsequent disbursement, directly or indirectly, to the beneficial owners of the Series 2008 Bonds.

The Series 2008 Bonds will bear interest at a Variable Rate or a Fixed Rate, as determined from time to time in accordance with the Indenture, as described in this Official Statement. Initially, the Series 2008 Bonds will bear interest at the Variable Rate, with interest payable on the first Business Day of each calendar month, commencing August 1, 2008. Upon a conversion to the Fixed Rate, interest will be payable semiannually on each February 1 and August 1. In the event of a conversion to the Fixed Rate, the Series 2008 Bonds will thereafter cease to be subject to demand purchase upon tender, as described in this Official Statement.

The Series 2008 Bonds are being offered solely on the basis of the financial strength of the Bank and not on the financial strength of the Academy or other security. The information regarding the Academy in this Official Statement is not, and is not intended to be, complete and does not fully describe the Academy or their business and financial affairs. The Series 2008 Bonds are subject to acceleration of maturity upon the occurrence of an Event of Default under the Reimbursement Agreement between the Academy and the Bank dated July 1, 2008 (the "Reimbursement Agreement") relating to the issuance of the Letter of Credit.

The Series 2008 Bonds are subject to optional and mandatory redemption prior to maturity as described in this Official Statement. In addition, the Series 2008 Bonds may be tendered for purchase at the option of the owners thereof on any Business Day selected by the owner (unless the Series 2008 Bonds are bearing interest at the Fixed Rate), upon notice and delivery thereof to the Trustee, as more fully described in this Official Statement.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2008 Bonds are offered when, as, and if issued by the Authority and accepted by the Underwriter, subject to prior sale, withdrawal or modification without notice, the approval of legality by Dickinson Wright PLLC, Bloomfield Hills, Michigan, as Bond Counsel, and the Attorney General of the State of Michigan, and to certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Clark Hill PLC, Birmingham, Michigan, and for the Bank by its counsel, Dickinson Wright PLLC, Bloomfield Hills, Michigan. It is expected that delivery of the Series 2008 Bonds will be made in book-entry form through the facilities of DTC on or about July 17, 2008 against payment therefor.



This Official Statement is dated July 11, 2008

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson, or other person has been authorized by the Michigan Public Educational Facilities Authority (the "Authority"), Michigan Technical Academy (the "Academy"), Fifth Third Securities, Inc. (the "Underwriter"), or Fifth Third Bank, an Ohio banking corporation (the "Bank") to give information or to make any representations with respect to the Series 2008 Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the Academy, the Underwriter, the Bank, or any other entity. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the Series 2008 Bonds by any persons in any jurisdiction in which it is unlawful to make such offer, solicitation or sale prior to registration or qualification under the securities laws of any such jurisdiction. This Official Statement is not to be construed as a contract with the purchasers of the Series 2008 Bonds.

The information set forth in this Official Statement has been obtained from the Authority, the Academy, the Bank and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Academy or that the information contained herein is correct at any time subsequent to the date hereof. **EXCEPT FOR A VERY LIMITED DESCRIPTION OF THE ACADEMY CONTAINED IN THIS OFFICIAL STATEMENT, NO INFORMATION WITH RESPECT TO THE ACADEMY (FINANCIAL OR OTHERWISE) IS INCLUDED IN THIS OFFICIAL STATEMENT, AND THE ACADEMY MAKES NO REPRESENTATION HEREIN CONCERNING ITS PRESENT OR FUTURE FINANCIAL CONDITION. POTENTIAL INVESTORS SHOULD BASE THEIR INVESTMENT DECISIONS WITH RESPECT TO THE SERIES 2008 BONDS SOLELY UPON THE CREDIT OF THE PROVIDER OF THE LETTER OF CREDIT SECURING THE SERIES 2008 BONDS, INITIALLY, FIFTH THIRD BANK. THIS OFFICIAL STATEMENT SHOULD NOT BE RELIED UPON IN DETERMINING WHETHER TO PURCHASE SERIES 2008 BONDS THAT ARE NOT IN THE VARIABLE RATE PERIOD AND SECURED BY A LETTER OF CREDIT.**

THE SERIES 2008 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2008 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2008 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2008 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The Underwriter is not a bank but is a broker-dealer and an indirect subsidiary of Fifth Third Bancorp. Fifth Third Bancorp is a multi-bank holding company. Any obligations of the Underwriter are its sole obligations and do not create any obligations on the part of any affiliate of the Underwriter, including any affiliated banks. Securities sold, offered or recommended by the Underwriter are not deposits, are not insured by the Federal Deposit Insurance Corporation, are not guaranteed by any affiliated bank of the Underwriter and are not otherwise an obligation or responsibility of any such affiliated bank.

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OFFICIAL STATEMENT

\$3,885,000

MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY LIMITED OBLIGATION VARIABLE RATE DEMAND REVENUE BONDS (MICHIGAN TECHNICAL ACADEMY PROJECT), SERIES 2008

INTRODUCTORY STATEMENT

This Official Statement is provided to furnish information in connection with the issuance and sale by the Michigan Public Educational Facilities Authority (the “Authority”) of \$3,885,000 aggregate principal amount of its Limited Obligation Variable Rate Demand Revenue Bonds (Michigan Technical Academy Project), Series 2008 (the “Series 2008 Bonds”). The Series 2008 Bonds will be limited obligations of the Authority as described under the caption “THE SERIES 2008 BONDS - Limited Obligations.”

The Series 2008 Bonds will be issued under a Trust Indenture, dated as of February 1, 2006 (the “Original Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as Trustee (the “Trustee”) as supplemented by a 2008 Supplemental Trust Indenture, dated as of July 1, 2008, between the Authority and the Trustee (the “Supplemental Indenture” and together with the Original Indenture, the “Indenture”). The Series 2008 Bonds are being issued on parity with those certain \$6,950,000 Michigan Public Educational Facilities Authority Limited Obligation Revenue Bonds (Michigan Technical Academy Project), Series 2006 of the Authority issued pursuant to the Original Indenture (the “Series 2006 Bonds”). The proceeds from the sale of the Series 2008 Bonds will be used to provide funds to purchase the School Building and Site Bond, Series 2008 (the “2008 Municipal Obligation”) of Michigan Technical Academy (the “Academy”) issued pursuant to Act 451, Public Acts of Michigan, 1976, as amended (the “School Code”). Proceeds from the sale of the 2008 Municipal Obligation will be used by the Academy to finance the construction of an addition to, renovation of, and equipping and furnishing of a public school academy facility and related site improvements (the “Project”) to be operated by the Academy, to pay capitalized interest on the Series 2008 Bonds, and to pay costs of issuance.

The Series 2008 Bonds are payable solely from the revenues pledged therefor under the Indenture, including the Academy’s payments on the 2008 Municipal Obligation (the “Academy Repayments”) pursuant to the terms of the 2008 Financing Agreement, dated as of July 1, 2008, between the Authority and the Academy (the “2008 Financing Agreement”).

In order to ensure that the Academy will meet its obligations under the 2008 Financing Agreement, the Academy has assigned a portion (not exceeding twenty percent (20%)) of the state school aid payments to be received by the Academy from the State of Michigan (the “State School Aid Payments”). Pursuant to the Amended and Restated State Aid Agreement (the “State Aid Agreement”), dated as of July 1, 2008, by and among the Academy, the Trustee, the Authority, the Central Michigan University Board of Trustees, as fiscal agent for the Academy,

and the State Treasurer, the State School Aid Payments are to be paid to the Trustee and used to pay the principal of and interest on the Series 2008 Bonds.

Concurrently with, and as a condition to, the issuance of the Series 2008 Bonds, the Academy will cause to be delivered to the Trustee an irrevocable direct-pay letter of credit, dated the date of original issuance of the Series 2008 Bonds (the "Initial Letter of Credit"), of Fifth Third Bank, an Ohio banking corporation (the "Bank" which term shall mean, where appropriate, the issuer of any Alternate Letter of Credit (as described under the caption "THE LETTER OF CREDIT – Alternate Letter of Credit")). The Initial Letter of Credit may be extended or replaced by a letter of credit of another commercial bank or branch or agency of a foreign commercial bank as described under the caption "THE LETTER OF CREDIT." Under the Initial Letter of Credit or any Alternate Letter of Credit (the "Letter of Credit"), the Trustee will be entitled to draw up to an amount sufficient to pay: (a) the principal of the Series 2008 Bonds or the portion of the purchase price corresponding to the principal of the Series 2008 Bonds; and (b) up to 45 days of accrued interest (at a maximum rate of 10% per annum) on the Series 2008 Bonds or that portion of the purchase price of the Series 2008 Bonds corresponding to accrued interest thereon. The Initial Letter of Credit will be issued pursuant to a Reimbursement Agreement, dated as of July 1, 2008 (the "Reimbursement Agreement"), between the Bank and the Academy. The Academy will agree in the Reimbursement Agreement to reimburse the Bank for drawings made under the Letter of Credit and to make certain other payments.

The obligation of the Academy to make payments under the 2008 Municipal Obligation and the 2008 Financing Agreement are absolute and unconditional. The obligation of the Academy to make the payments due under the 2008 Municipal Obligation and the 2008 Financing Agreement shall be deemed to be satisfied and discharged to the extent of corresponding payments made by the Bank to the Trustee pursuant to draws made under the Letter of Credit as described above.

As more fully described in this Official Statement and in the Indenture, Bondholders will have the option to tender Series 2008 Bonds for purchase at the principal amount thereof plus accrued interest to the date of purchase, on any Business Day, as defined herein, prior to and including the Conversion Date, as defined herein, upon seven calendar days' notice. See "THE SERIES 2008 BONDS - Optional Tenders of Series 2008 Bonds." Bondholders are also required to tender their Series 2008 Bonds for purchase under certain circumstances as described herein. See "THE SERIES 2008 BONDS - Mandatory Tender of Series 2008 Bonds." In order to provide for the remarketing of tendered Series 2008 Bonds, the Academy will enter into a Remarketing Agreement, dated as of July 1, 2008 (the "Remarketing Agreement"), with Fifth Third Securities, Inc., with its principal office in Cincinnati, Ohio (referred to herein in such capacity as the "Remarketing Agent").

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE STATE OF MICHIGAN, CENTRAL MICHIGAN UNIVERSITY NOR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF MICHIGAN IS PLEDGED FOR THE ACADEMY'S OBLIGATION TO MAKE PAYMENTS UNDER THE 2008 MUNICIPAL OBLIGATION OR THE 2008 FINANCING AGREEMENT OR FOR THE PAYMENT OF THE PRINCIPAL OF,

PREMIUM, IF ANY, PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2008 BONDS.

This Official Statement is intended to be used only for Series 2008 Bonds that are: (a) in the Variable Rate Period; (b) secured by a Letter of Credit; and (c) registered in the name of a nominee of The Depository Trust Company (“DTC”). This Official Statement should not be relied upon in determining whether to purchase Series 2008 Bonds that are not in the Variable Rate Period and secured by a Letter of Credit. Potential investors are hereby notified that they are purchasing the Series 2008 Bonds based SOLELY on the credit of the issuer of the Letter of Credit (initially, Fifth Third Bank) as hereinafter described and, except for a very limited description of the Academy contained herein, no information (financial or otherwise) is included in this Official Statement concerning the Academy, nor is the Academy required to provide any ongoing continuing secondary market information.

Brief descriptions of the Authority, the Academy, the Project, the Series 2008 Bonds, the Letter of Credit, the Reimbursement Agreement, the 2008 Municipal Obligation, the 2008 Financing Agreement, the Indenture, the Remarketing Agreement and the State Aid Agreement are included herein. A brief description of the Bank is included as Appendix A hereto and the form of opinion of Bond Counsel is included as Appendix B hereto and the form of the opinion of the Attorney General of the State of Michigan is included as Appendix C hereto. Such descriptions do not purport to be comprehensive or definitive. All statements made herein with respect to the 2008 Municipal Obligation, the 2008 Financing Agreement, the Indenture, the State Aid Agreement, the Remarketing Agreement and the Reimbursement Agreement are qualified in their entirety by reference to such documents, and statements made herein regarding the Series 2008 Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the information with respect thereto included in the aforementioned documents, copies of all of which are available for inspection at the principal corporate trust office of the Trustee, at its office at 719 Griswold Street, Suite 930, Detroit, Michigan 48226, Attention: Corporate Trust Administration.

THE AUTHORITY

The Authority is a public body corporate and politic of the State of Michigan (the “State”), created by Executive Order 2002-3, compiled at §12.192 of the Michigan Compiled Laws, and is housed within the Michigan Department of Treasury. The Authority was established for, among other purposes, the purpose of lending money to public school academies within the State for financing or refinancing the acquisition, construction and equipping of public school facilities and for other purposes. In order to effectuate such purposes, the Authority is authorized to issue its bonds or notes and to make money available to public school academies by the purchase of, among other things, municipal obligations in fully marketable form issued by a public school academy.

The Authority is governed by a Board of Trustees (the “Board”). The members of the Board are appointed by the Governor of the State with the advice and consent of the State Senate. The members serve for various terms and continue to serve until successors are appointed and file the oath of office. The members of the Board are:

David S. Mittleman (Chairperson)	Partner Church Wyble P.C. Lansing, Michigan
Amal M. Berry-Brown	Vice President of Business Affairs Management for Comerica Bank Dearborn, Michigan
Mark J. Burzych	Attorney Fahey Schultz Burzych Rhodes, PLC Lansing, Michigan
Timothy A. Hoffman	Director of Regulatory Affairs Consumers Energy Jackson, Michigan
Robert J. Kleine	State Treasurer Lansing, Michigan

The Indenture provides that the covenants, stipulations, promises, agreements and obligations of the Authority contained in the Indenture are those of the Authority and not of any member of the Board or any officer or employee of the Authority in his or her individual capacity and that no recourse shall be had for the payment of the principal of or interest on the Series 2008 Bonds or for any claim based thereon or on the Indenture against any member of the Board, any officer or employee of the Authority or any person executing the Series 2008 Bonds.

The Authority is housed within the State Department of Treasury but exercises its statutory functions independently of the State Treasurer. The Authority's address is Richard H. Austin State Office Building, 430 West Allegan Street, Lansing, Michigan 48922, and its telephone number is (517) 335-0994.

The Executive Director of the Authority is Thomas J. Letavis.

The Series 2008 Bonds are limited obligations of the Authority as described in this Official Statement. The Authority is not generally liable on the Series 2008 Bonds or on any other obligation incurred by the Authority under the Indenture. The Series 2008 Bonds are not general obligations and do not constitute debts or pledges against the credit of the Authority or the credit or taxing power of the State of Michigan. The Series 2008 Bonds are limited obligations of the Authority, which will, if and when issued, be payable solely through revenues, properties or other funds as described in this Official Statement, the Indenture, the 2008 Municipal Obligation and the 2008 Financing Agreement. No owner of any Series 2008 Bond shall have the right to demand payment of the principal of, premium, if any, purchase price of, or interest on such Series 2008 Bond out of any funds to be raised by taxation. The Authority has no taxing power.

The Authority has not prepared any material for inclusion in this Official Statement except the matters under the heading “THE AUTHORITY.” The distribution of this Official Statement has been duly approved and authorized by the Authority. Such approval and authorization do not, however, constitute a representation of approval by the Authority of the accuracy or sufficiency of any information contained herein except to the extent of the information contained in this section.

THE ACADEMY

Michigan Technical Academy is a public school academy organized under the laws of the State of Michigan.

Investors are cautioned that the Series 2008 Bonds are being marketed and sold on the basis of the credit of the Bank, as issuer of the Initial Letter of Credit, and not on the basis of the credit of the Academy or the financial viability of the Project. No attempt is made in this Official Statement to describe the Academy or its operations in a manner that could enable purchasers of the Series 2008 Bonds to assess the creditworthiness of the Academy. Accordingly, in deciding whether to invest in the Series 2008 Bonds, potential investors should not rely upon the ability of the Academy to make the required payments under the 2008 Financing Agreement.

THE PROJECT

The Academy has outgrown its current high school facility. The high school facility is located at 23750 Elmira, Redford Township, Michigan (the “Facility”). The Project will consist of the construction of an addition to, renovation of and equipping and furnishing of the Facility and related site improvements. The Project, when completed, will accommodate the growth of the Academy into space to be vacated by the Judson Center, a Michigan non-profit corporation, previously a tenant of the Academy, and allow for the development of a separate 9th grade program to commence at the start of the 2008-09 school year. The Project will provide approximately 32,300 square feet of additional space, of which 13,415 square feet will be utilized for six new academic classrooms, one science laboratory, one computer laboratory, and several offices. An additional 13,450 square feet will house a new regulation high school gymnasium, restrooms and changing areas. The current cafeteria will be expanded an additional 2,000 square feet and remodeled for the new health care program which is scheduled to begin at the start of the 2009-10 school year, thereafter the gym will be designated a multipurpose room, which will also serve as the cafeteria. A portion of the existing six bay automotive shop will be renovated to provide approximately 3,300 square feet of existing space for the Academy’s skilled construction trades program.

In connection with the construction of the Project, the Academy expects to enter into a construction manager agreement (the “Construction Contract”) with the Garrison Company, Inc., Farmington Hills, Michigan, as construction manager (the “Construction Manager”). Under the Construction Contract, the Construction Manager will act as an agent of the Academy to solicit and accept contractor bids. Contractors will be required to provide, at or prior to the commencement of construction, payment and performance bonds issued by a qualified bonding

company in compliance with applicable State law. The Academy expects substantial completion of the construction of the Project by September 1, 2009.

USE OF PROCEEDS

The proceeds of the initial sale and delivery of the Series 2008 Bonds will be deposited with the Trustee in a special depository account entitled the “Project Fund” and such proceeds, including any investment income thereon, shall be disbursed by the Trustee to pay Project costs, including costs of issuance of the Series 2008 Bonds. The sources and uses of funds to pay the costs of the Project are estimated to be as follows:

Sources of Funds:

Bond Proceeds	\$3,885,000.00
Authority Contribution	<u>388,500.00</u>
Total Sources	\$4,273,000.00

Uses of Funds:

Project costs	\$3,293,265.47
Capitalized Interest	187,343.33
Costs of Issuance ⁽¹⁾	403,785.20
Authority Funded Reserve Account	<u>388,500.00</u>
Total Uses	\$4,273,000.00

⁽¹⁾ Including Underwriter’s fee.

THE SERIES 2008 BONDS

Reference is made to the Indenture and the form of the Series 2008 Bonds included therein for the detailed provisions of the Series 2008 Bonds.

General

The Series 2008 Bonds will be dated the date of the original issuance thereof, and will mature, unless sooner paid, on February 1, 2038. As more fully provided below under the caption “THE SERIES 2008 BONDS - Book-Entry Only System,” one fully registered Series 2008 Bond will be delivered to DTC and transfers of ownership interests in the Series 2008 Bonds will be made only by computerized book entries (the “Book-Entry System”). So long as the Series 2008 Bonds are registered in the name of Cede & Co., as nominee of DTC, principal of, premium, if any, and interest on the Series 2008 Bonds will be paid as described under the caption “THE SERIES 2008 BONDS - Book Entry Only System.” If, however, the Book-Entry Only System is discontinued, then the Series 2008 Bonds will be issued as registered Bonds prior to the Conversion Date (as hereinafter defined) in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof, and on and after the Conversion Date in denominations of \$5,000 each or any integral multiple thereof (the “Authorized Denominations”), and the Series 2008 Bonds may be transferred upon presentation at the principal corporate trust office of the Trustee without charge except that any tax or other governmental charge required to be paid in connection with a transfer must be paid as a condition to the exercise of the transfer privilege.

As used herein, the term “Conversion Date” shall mean the day on which the interest rate on the Series 2008 Bonds shall be converted from a variable rate to a fixed rate in accordance with the Indenture.

Interest on the Series 2008 Bonds is payable: (a) prior to the Conversion Date on the first Business Day of each month, commencing on August 1, 2008; (b) on the Conversion Date, and (c) from and after the Conversion Date, semi-annually on February 1 and August 1 of each year (each such date being an “Interest Payment Date”) to the owners of record as of the close of business on the Record Date preceding any Interest Payment Date. The “Record Date” means, with respect to each Interest Payment Date: (a) on or prior to the Conversion Date, the Trustee’s close of business on the Business Day next preceding such Interest Payment Date; and (b) after the Conversion Date, the Trustee’s close of Business on the fifteenth day of the calendar month next preceding such interest payment date, regardless of whether such day is a Business Day. Prior to the Conversion Date, interest shall be computed on the basis of 365 or 366 days, as applicable, for the actual number of days elapsed and following the Conversion Date, shall be computed on the basis of 360 days consisting of twelve 30-day months.

Book-Entry Only System

The following information concerning DTC and DTC’s book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but the Authority, the Academy and the Underwriter take no responsibility for the accuracy of such statements.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2008 Bonds. The Series 2008 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered security certificate will be issued for each maturity of the Series 2008 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing

Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2008 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2008 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2008 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Series 2008 Bonds, except in the event that use of the book-entry system for the Series 2008 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2008 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2008 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2008 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2008 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2008 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2008 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2008 Bonds may wish to ascertain that the nominee holding the Series 2008 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2008 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2008 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2008 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, premium, if any, and interest on the Series 2008 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participant's accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Authority or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2008 Bond tendered for purchase, through its Participant, to the Trustee and the Remarketing Agent, and shall effect delivery of such Series 2008 Bond by causing the Direct Participant to transfer the Participant's interest in the Series 2008 Bond, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2008 Bonds in accordance with an optional tender for purchase will be deemed satisfied when the ownership rights in the Series 2008 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2008 Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2008 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2008 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2008 Bond certificates will be printed and delivered to Bondholders.

Limited Obligations

Neither the Authority nor the State of Michigan nor the Central Michigan University Board of Trustees shall be obligated to pay the Series 2008 Bonds or the interest thereon or other costs incident thereto, except that the Authority shall be obligated to make such payments solely from the security for the Series 2008 Bonds described below. Neither the faith and credit of the Authority or Central Michigan University, the Academy's authorizing body, nor the taxing

power of the State of Michigan is pledged to the payment of the principal of, premium, if any, purchase price of, or the interest on, the Series 2008 Bonds. The Series 2008 Bonds are not general obligations of the Authority, but are limited obligations payable solely from certain amounts payable by the Academy under the 2008 Municipal Obligation and the 2008 Financing Agreement and other moneys pledged therefor under the Indenture. The Authority has no taxing power.

Security for the Series 2008 Bonds

The principal security for the Series 2008 Bonds consists of the right of the Trustee to draw upon the Letter of Credit (see “THE LETTER OF CREDIT” herein) and of the unconditional obligation of the Academy under the 2008 Financing Agreement to make the Scheduled Installment Payments in amounts sufficient to allow the Authority to make its corresponding payments of the principal, premium, if any, and interest due on the Series 2008 Bonds.

In the Indenture, the Authority will pledge and assign to the Trustee all of the following for the payment of the Series 2008 Bonds: (a) Scheduled Installment Payments due from the Academy under the 2008 Financing Agreement; (b) all moneys in the Bond Fund and the Project Fund, including the proceeds of the Series 2008 Bonds pending disbursement thereof; (c) all of the Authority’s rights and interest in the Municipal Obligation and the 2008 Financing Agreement, except the right to make all determinations and approvals and receive all notices accorded it under the Municipal Obligation and the 2008 Financing Agreement and to enforce in its name and for its benefit certain provisions of the Municipal Obligation and the 2008 Financing Agreement with respect to the Authority’s fees and expenses and indemnity payments, as the interests of the Authority and related persons shall appear (the “Unassigned Rights”); and (d) all of the proceeds of the foregoing, including without limitation investments thereof except that and provided that: (i) the Letter of Credit shall secure the payment of the Series 2008 Bonds only; (ii) the Reserve Fund shall secure payment of the Series 2006 Bonds only; and (iii) the Security shall not include any moneys held in the Purchase Fund and Custody Account. The foregoing are collectively referred to as the “Security.”

The rights of the Bondholders and the Trustee as to payment of the Series 2008 Bonds are subject to applicable bankruptcy, insolvency and similar laws and principles of equity and public policy affecting creditors’ rights generally.

Interest Rates on the Series 2008 Bonds

Prior to the Conversion Date. Interest on the Series 2008 Bonds will be payable at the Variable Rate (as hereinafter defined) from the date of original issue until the earlier of the Conversion Date or the date of payment in full of the Series 2008 Bonds (the “Variable Rate Period”). During the Variable Rate Period, the Variable Rate shall be determined on the basis of a 365/366-day year, actual number of days elapsed, by the Remarketing Agent, by 4:30 p.m. Detroit, Michigan time on each Thursday (or the immediately preceding Business Day if such Thursday is not a Business Day) and shall be the minimum rate necessary (as determined by the Remarketing Agent based on the examination of tax-exempt obligations comparable to the Series 2008 Bonds known to the Remarketing Agent to have been priced or traded under then-

prevailing market conditions) for the Remarketing Agent to sell the Series 2008 Bonds on the effective date of such Variable Rate at their principal amount (without regard to accrued interest). Thereafter, each Variable Rate shall apply to the period beginning on the Friday of the week in which such Variable Rate is set and ending on the following Thursday, or if earlier, ending on the Conversion Date. Notwithstanding the foregoing, the Variable Rate shall not exceed the lesser of 10% per annum or the maximum rate permitted by applicable law (the "Maximum Rate"). If no Remarketing Agent is serving under the Indenture, or if for any reason the Remarketing Agent has not determined the Variable Rate on a Thursday (or the immediately preceding Business Day if such Thursday is not a Business Day), the Variable Rate shall be equal to the SIFMA Municipal Swap Index plus 50 basis points, provided that if such index is no longer provided by Municipal Market Data, Inc. or its successor, the rate shall be equal to the J.J. Kenny Index plus 50 basis points, or if such index is not available, such other index (or percentage of an index) deemed appropriate for tax-exempt securities of the nature of the Series 2008 Bonds as the Remarketing Agent may have previously selected. Notwithstanding the foregoing, the Variable Rate shall not exceed the lesser of 10% per annum or the Maximum Rate. The Trustee shall promptly notify the Bondholders, the Academy and the Authority by first-class mail of any change in the interest rate determination method as described in the preceding sentence.

"SIFMA Municipal Swap Index" means the Securities Industry and Financial Markets Association Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc. or its successor, or otherwise designated by the Securities Industry and Financial Markets Association.

"Business Day" means any day other than: (a) a Saturday; (b) a Sunday; (c) a day on which banking institutions in the city in which the principal corporate trust office of the Trustee (or its Bond registrar, paying agent or tender agent offices) is located or the principal office of the Remarketing Agent is located or the office of the Bank at which action is to be taken to realize moneys under the Letter of Credit are required or authorized by law or executive order to be closed; or (d) a day on which the New York Stock Exchange is closed or the payment system of the Federal Reserve is not operational.

"J.J. Kenny Index" means, as of any date, the index of 30-day yields on high-grade tax-exempt municipal bonds as determined by J.J. Kenny Co., Inc. or any successor thereto and published on such date (and, if not published on such date, on the most recent day prior thereto on which such index shall have been so published).

On and after the Conversion Date. The Series 2008 Bonds shall bear interest at a fixed annual rate of interest (the "Fixed Rate") on and after the Conversion Date (the "Fixed Rate Period"). The Fixed Rate for the Series 2008 Bonds shall be determined, on the basis of a 360-day year consisting of twelve months of 30 days each, by the Remarketing Agent on a date which is not more than twenty (20) Business Days nor less than five (5) Business Days prior to the Proposed Conversion Date (the "Computation Date") and shall be the rate determined by the Remarketing Agent on the Computation Date to be the rate which, if borne by the Series 2008 Bonds would, in the judgment of the Remarketing Agent having due regard to prevailing market conditions for tax-exempt revenue bonds or other tax-exempt securities comparable to the Series

2008 Bonds, be the interest rate necessary, but would not exceed the interest rate necessary, to enable the Remarketing Agent to remarket the Series 2008 Bonds tendered (or deemed to have been tendered) for purchase at a price of par (exclusive of accrued interest, if any) on the Conversion Date; provided, however, that the Fixed Rate shall not exceed the maximum rate permitted by applicable law. If for any reason the Remarketing Agent fails to determine the Fixed Rate by the close of business on the fifth Business Day preceding the Proposed Conversion Date, the Series 2008 Bonds shall continue to bear interest at the Variable Rate determined in accordance with the Indenture.

In determining the interest rate that the Series 2008 Bonds shall bear as provided herein, neither the Remarketing Agent nor the Trustee shall have any liability to the Authority, the Academy, the Trustee or any Bondholder except for its gross negligence or willful misconduct.

Conversion of Interest Rate on the Series 2008 Bonds

During the Variable Rate Period, the interest rate on the Series 2008 Bonds, at the option of the Academy, shall be converted from the Variable Rate to the Fixed Rate, upon delivery by the Academy to the Trustee, the Remarketing Agent, the Bank and the Authority of the following:

(a) on any Business Day during the Variable Rate Period, of a notice (the “Conversion Notice”) stating (i) that the Academy intends to convert the interest rate on the Series 2008 Bonds to the Fixed Rate and specifying the proposed Conversion Date (the “Proposed Conversion Date”), which date shall be at least 45 days after the date on which the Trustee receives the Conversion Notice; and (ii) that the Series 2008 Bonds will be secured by a Letter of Credit during the Fixed Rate Period; and

(b) by 10:00 a.m. Detroit, Michigan time on the Proposed Conversion Date, of (i) an opinion of nationally recognized bond counsel acceptable to the Authority and the Trustee to the effect that such change is not prohibited by the laws of the State or by the Indenture and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Series 2008 Bonds (a “Favorable Opinion of Bond Counsel”) as to the conversion of the interest rate on the Series 2008 Bonds; (ii) an amendment to the Letter of Credit then in effect or an Alternate Letter of Credit, in either case to be effective on the Proposed Conversion Date and meeting the requirements of the Indenture; and (iii) a written undertaking by the Academy, satisfactory in form and substance to the Remarketing Agent and the Authority, whereby the Academy agrees to comply with the continuing disclosure requirements of subsection (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, as then applicable; provided, however, that the Academy shall not be required to make such a written undertaking if the Remarketing Agent provides the Authority, the Trustee and the Academy with an opinion of counsel that an exemption from compliance with Rule 15c2-12 is available.

If (i) the Trustee receives written notification from the Academy by the close of business on the Computation Date of the Academy’s decision not to elect the conversion of the interest rate on the Series 2008 Bonds to the Fixed Rate on the Proposed Conversion Date, or (ii) the Academy fails to satisfy the conditions of paragraph (b) above, or (iii) the Remarketing Agent

fails to determine the Fixed Rate by the close of business on the fifth Business Day preceding the Proposed Conversion Date, the interest rate on the Series 2008 Bonds shall not be converted to the Fixed Rate on the Proposed Conversion Date. In such event, the Series 2008 Bonds will bear interest for the remaining portion of the current interest rate period at the Variable Rate then in effect, or for an interest rate period at the Variable Rate in effect for the immediately preceding interest rate period, and will continue to remain outstanding in accordance with the terms of the Indenture as if no such election had been made by the Academy to convert the interest rate borne by the Series 2008 Bonds to the Fixed Rate; provided, however, that the Series 2008 Bonds will continue to be subject to mandatory tender on the Proposed Conversion Date as described below under “THE SERIES 2008 BONDS - Mandatory Tender of Series 2008 Bonds.”

The Series 2008 Bonds shall not be subject to mandatory tender or the demand purchase option described below after the Conversion Date.

Optional Tenders of Series 2008 Bonds

During the Variable Rate Period, each Beneficial Owner of a beneficial interest in the Series 2008 Bonds (other than Pledged Bonds and Academy Bonds) may give written notice to the Remarketing Agent of a demand for purchase of such Beneficial Owner’s beneficial interest (or portion thereof, provided that the portion thereof tendered is an Authorized Denomination; and provided, further, that the portion thereof retained is an Authorized Denomination) on any Business Day at a price equal to 100% of the principal amount of such beneficial interest (or authorized portion thereof) plus accrued and unpaid interest thereon to the date of purchase. Each such beneficial interest (or authorized portion thereof) will be purchased on the date designated by the Beneficial Owner; provided, however, such date must be a Business Day occurring not prior to the seventh day next succeeding the date of delivery of such notice. Delivery of notice will be effective upon receipt but only if accomplished on a Business Day. Any such notice will be irrevocable and shall state: (a) the name and address of the Beneficial Owner; (b) the principal amount of such beneficial interest (and the portion thereof to be tendered, if less than the full principal amount is to be tendered); and (c) the date on which such beneficial interest will be so purchased. Such beneficial interests will be deemed to have been surrendered for purchase on the purchase date specified in the notice.

A Beneficial Owner will not have the right to optionally tender its beneficial interests in its Series 2008 Bonds for purchase when the Series 2008 Bonds are in the Fixed Rate Period.

Mandatory Tender of Series 2008 Bonds

During the Variable Rate Period, each Series 2008 Bond (or beneficial interest therein) (other than a Pledged Bond or an Academy Bond) is subject to mandatory tender, for purchase on each date described below:

- (a) on each Proposed Conversion Date;
- (b) on the date upon which an Alternate Letter of Credit is to be substituted for the Letter of Credit then in effect during the Variable Rate Period;

(c) on the Interest Payment Date next preceding the expiration date of the Letter of Credit then in effect (as such date may be extended from time to time by the Bank, the “Stated Expiration Date”), if the Trustee has not received at least 45 days (or such shorter period as shall be acceptable to the Trustee, but not less than 30 days) prior to the Interest Payment Date next preceding such Stated Expiration Date either an extension of the then existing Letter of Credit or an Alternate Letter of Credit; and

(d) in whole or in part on each optional redemption date for which the Academy with the written consent of the Bank has elected to purchase Series 2008 Bonds in lieu of an optional redemption.

At least 20 days, but not more than 45 days, prior to each mandatory tender date, the Trustee shall give notice of such mandatory tender by first class mail to the holders of all Series 2008 Bonds at their addresses appearing on the registration books of the Authority maintained by the Trustee (the “Bond Register”). Such notice of mandatory tender shall: (i) specify the mandatory tender date and the reason for the mandatory purchase on such date; (ii) if such mandatory tender date is a Proposed Conversion Date, state that such conversion to the Fixed Rate will not occur if the conditions described in the Indenture are not satisfied but that such mandatory tender will still occur on the Proposed Conversion Date; and (iii) state that all Series 2008 Bonds are subject to mandatory tender for purchase (or, if the Series 2008 Bonds are held in a book-entry only system, that the beneficial interests in the affected Series 2008 Bonds are subject to mandatory tender for purchase).

The failure by the Trustee to give any such notice of mandatory tender for purchase, or any defect therein, shall not in any way change the rights of the Bondholders to have their Series 2008 Bonds (or beneficial interests therein) purchased on any such mandatory tender date or extend the period during which Series 2008 Bonds (or beneficial interests therein) may be mandatorily tendered for purchase. Any mandatory tender notice mailed as provided for herein shall be conclusively presumed to have been given, whether or not the Bondholder receives such notice.

Beneficial interests in Series 2008 Bonds that are subject to mandatory tender for purchase, for which there has been irrevocably deposited with the Remarketing Agent or in trust with the Trustee on or prior to such mandatory tender date an amount of money sufficient to pay the purchase price thereof on such mandatory tender date, will be deemed to have been surrendered for purchase on such mandatory tender date.

No owner of beneficial interests in Series 2008 Bonds deemed surrendered for purchase pursuant to the immediately preceding paragraph shall be entitled to any payment (including interest to accrue subsequent to the related mandatory tender date) other than the purchase price for such beneficial interests and any such beneficial interests shall no longer be entitled to the benefit and security of the Indenture, except for the purpose of the payment of the purchase price thereof.

Optional Tenders Occurring after Notice of Mandatory Tender Date

Any beneficial interest optionally tendered for purchase after the date on which the Trustee has notified the affected Bondholders of a mandatory tender date as described above will not be remarketed unless the purchaser has been notified by the Remarketing Agent of the required mandatory tender for purchase. Any such notice will contain the same provisions as the mandatory tender notice delivered by the Trustee to the Bondholders as described above. Any purchaser so notified must deliver a notice to the Trustee and the Remarketing Agent stating that such purchaser will tender its beneficial interest for purchase on the related mandatory tender date.

Redemption of the Series 2008 Bonds

The Series 2008 Bonds are not subject to redemption prior to maturity except as hereinafter provided.

Optional Redemption. On or prior to the Conversion Date, the Series 2008 Bonds are subject to redemption at any time prior to maturity, at the option of the Academy, as a whole or in part in Authorized Denominations, at a redemption price of 100% of the principal amount thereof to be redeemed on any date(s) fixed for redemption, plus accrued interest to the date(s) fixed for redemption, upon receipt by the Trustee not less than forty-five (45) days (or such shorter period as shall be acceptable to the Trustee, but not less than 30 days) prior to such redemption date of a written direction from the Academy stating that it intends to effect the redemption of all or a portion of the Series 2008 Bonds by: (a) making an Academy Repayment under the 2008 Municipal Obligation or pursuant to the 2008 Financing Agreement which includes a scheduled principal component; and/or (b) exercising its option to prepay all or a portion of the Academy Repayments due under the 2008 Municipal Obligation or the 2008 Financing Agreement.

After the Conversion Date, the Series 2008 Bonds are subject to redemption prior to maturity, at the option of the Academy, on or after the dates specified below, in whole at any time or in part in Authorized Denominations on any Interest Payment Date, at the redemption prices (expressed as percentages of principal amount) set forth in the following table plus accrued interest to the redemption date, upon receipt by the Trustee not less than forty-five (45) days (or such shorter period as shall be acceptable to the Trustee, but not less than 30 days) prior to such redemption date of a written direction from the Academy stating that it intends to exercise its option to prepay the Academy Repayments due under the 2008 Municipal Obligation or the 2008 Financing Agreement and thereby effect redemption of all or a portion of the Series 2008 Bonds as follows:

Length of Period from the Interest Payment Date Immediately Succeeding the Conversion Date to the Maturity Date	Redemption Price as a Percentage of Principal Amount (measured from and including the Interest Payment Date Immediately Succeeding the Conversion Date)
greater than 10 years	after 8 years at 102%, declining 1% annually to 100%
less than or equal to 10 and greater than 7 years	after 5 years at 102%, declining by 1% annually to 100%
less than or equal to 7 and greater than 4 years	after 3 years at 102%, declining by 1% annually to 100%
less than or equal to 4 years	not subject to optional redemption.

At the election of the Academy, contained in the notice of election to convert to the Fixed Rate Period from the Academy to the Authority, the Trustee, the Bank and the Remarketing Agent, the Series 2008 Bonds bearing interest at the Fixed Rate may be subject to optional redemption on terms different from those set forth above, if approved by the Authority in a supplemental indenture delivered prior to the Conversion Date, and as shall be specified in such notice, but only if such notice is accompanied by an opinion of Bond Counsel to the effect that such change in the redemption features is authorized and permitted by the 2008 Financing Agreement and the Indenture and will not adversely affect the validity of the Series 2008 Bonds or the exclusion of the interest thereon from the gross income of the owners thereof for federal income tax purposes.

During the Variable Rate Period, the Academy shall have the option to cause the Series 2008 Bonds to be subject to mandatory tender and purchase in lieu of an optional redemption of Series 2008 Bonds as described above. Such option may be exercised by delivery by the Academy to the Trustee and the Remarketing Agent on or prior to the Business Day preceding the optional redemption date of a written notice specifying that the Series 2008 Bonds shall not be redeemed, but instead shall be subject to mandatory tender and purchase. Upon delivery of such notice, the Series 2008 Bonds shall not be redeemed but will instead be subject to mandatory tender and purchase at a purchase price equal to the price at which the Series 2008 Bonds would have been redeemed on the date which would have been the optional redemption date.

Mandatory Redemption Upon Determination of Taxability. The Series 2008 Bonds shall be subject to mandatory redemption prior to maturity, as a whole and not in part, on the earliest practicable date for which notice can be given following the occurrence of a Determination of Taxability, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

As used herein, the term “*Determination of Taxability*” means a determination that the interest income on any of the Series 2008 Bonds is included in gross income for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

(a) the day on which the Academy or the Authority is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that, based upon any filings of the Academy or the Authority, or upon any review or audit of the Academy or the Authority, or upon any other grounds whatsoever, the interest on the Series 2008 Bonds is includable for federal income tax purposes in the gross income of any current or former holder or Beneficial Owner thereof;

(b) the day on which the Academy receives notice from the Trustee in writing that the Trustee has been advised in writing by any current or former holder or Beneficial Owner of a Series 2008 Bond that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to such current or former holder or Beneficial Owner which asserts in effect that the interest on the Series 2008 Bonds received by such current or former holder or Beneficial Owner is includable for federal income tax purposes in the gross income of such current or former holder or Beneficial Owner;

(c) the day on which the Academy or the Authority is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service or a technical advice memorandum issued by the national office of the Internal Revenue Service that the interest on the Series 2008 Bonds is includable for federal income tax purposes in the gross income of any current or former holder or Beneficial Owner of a Series 2008 Bond;

(d) the day on which the Academy or the Authority is advised in writing that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Academy has been given written notice and an opportunity to participate and defend that the interest on the Series 2008 Bonds is includable for federal income tax purposes in the gross income of any current or former holder or Beneficial Owner of a Series 2008 Bond; or

(e) the date specified in a written opinion to the Academy from Bond Counsel (as defined in the Indenture) as the day on which interest on the Series 2008 Bonds first became or will become includable for federal income tax purposes in the gross income of any current or former holder or Beneficial Owner of a Series 2008 Bond; provided, however, no Determination of Taxability shall occur under subparagraph (a), (b) or (c) of this definition unless the Academy has been afforded the opportunity, at its expense, to contest any such conclusion and/or assessment after furnishing the Trustee, the Authority and the Bank, within 30 days after the occurrence of an event described in subparagraph (a), (b) or (c) of this definition, with an opinion of Bond Counsel to the effect that there is a reasonable likelihood that the Academy will prevail in such contest and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined. The Academy shall promptly notify the Trustee and the Authority of any event described in subparagraph (a), (b), (c) or (d) of this definition and shall further promptly notify the Trustee and the Authority of any final determination if the Academy has contested under subparagraph (a), (b) or (c) of this definition. The Academy shall be deemed to have been afforded the opportunity to contest the occurrence of a Determination of Taxability if it shall have been permitted to commence and maintain any action in the name of any current

or former holder or Beneficial Owner of a Series 2008 Bond to judgment and through any appeals therefrom or other proceedings related thereto.

Mandatory Redemption Upon Expiration of Letter of Credit During the Fixed Rate Period Only. To the extent the Series 2008 Bonds are secured by a Letter of Credit during the Fixed Rate Period and at least 45 days prior to the Interest Payment Date next preceding the Stated Expiration Date of the Letter of Credit then in effect the Trustee has not been provided with an extension of such Letter of Credit or an Alternate Letter of Credit for the applicable period required by the Indenture, then the Series 2008 Bonds will be subject to mandatory redemption on the Interest Payment Date next preceding such stated expiration date at a redemption price equal to the lesser of: (a) 102% of the principal amount thereof plus accrued interest to the redemption date; or (b) the redemption price which would apply as of the redemption date if the Series 2008 Bonds were optionally redeemed.

Mandatory Redemption from Insurance and Condemnation Proceeds. The Series 2008 Bonds are subject to mandatory redemption on a pro-rata basis with the Series 2006 Bonds in whole at any time or in part (and if in part in Authorized Denominations; provided that no Series 2008 Bond may be redeemed in part if the principal amount to be outstanding following such partial redemption is not an Authorized Denomination) on any Interest Payment Date, at a redemption price equal to 100% of the aggregate principal amount of the Series 2008 Bonds to be redeemed plus accrued interest to the redemption date, in an amount equal to any insurance or condemnation proceeds deposited with the Trustee for the purpose of redemption pursuant to the 2008 Financing Agreement. During any period in which a Letter of Credit secures the Series 2008 Bonds, such redemption of the Series 2008 Bonds shall be effected by a drawing under the Letter of Credit and the Trustee shall use such insurance or condemnation proceeds to reimburse the Bank for such drawing pursuant to the Reimbursement Agreement.

Partial Redemption. If less than all the outstanding Series 2008 Bonds are called for redemption, the Trustee shall select, or arrange for the selection of, the Series 2008 Bonds to be redeemed by lot, in such manner as it shall in its discretion determine; provided that any such Series 2008 Bonds selected for redemption shall be in Authorized Denominations and no Series 2008 Bond may be redeemed in part if the principal amount to be outstanding following such partial redemption is not an Authorized Denomination. Notwithstanding the foregoing: (a) Pledged Bonds; and (b) Series 2008 Bonds (other than Pledged Bonds) owned or held by the Academy (or any affiliate of the Academy) and registered in the name of the Academy (or any affiliate of the Academy) or in the name of a nominee designated by the Academy (or any affiliate of the Academy) ("Academy Bonds"), in that order, shall be first selected by the Trustee for redemption before any other Series 2008 Bonds are selected for redemption.

Notice of Redemption. Notice of redemption shall be mailed by the Trustee by first class mail, at least 30 days but not more than 45 days before any redemption date to the registered owner of each Series 2008 Bond to be redeemed in whole or in part at its last address appearing on the Bond Register; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2008 Bond, or portion thereof with respect to which no such failure or defect has occurred; and provided, further, that so long as the Letter of Credit is in effect, the Trustee shall not give notice of any optional redemption unless the Bank has consented in writing to such redemption. Any

notice mailed as provided above shall be conclusively presumed to have been duly given, whether or not the Bondholder receives the notice. Additional notices of redemption may be given in accordance with the Indenture. All Series 2008 Bonds so called for redemption will cease to bear interest on the specified date set for redemption, provided moneys for their redemption have been duly deposited with the Trustee pursuant to the Indenture and, thereafter, the holders of such Series 2008 Bonds called for redemption shall have no rights in respect thereof except to receive payment of the redemption price from the Trustee and, in the case of a partial redemption, a new Series 2008 Bond for any portion not redeemed in an Authorized Denomination.

THE LETTER OF CREDIT

The following is a summary of certain provisions of the Indenture and the Initial Letter of Credit. This summary does not purport to be comprehensive or definitive, and is subject to all of the terms and provisions of the Indenture and Initial Letter of Credit issued contemporaneously with the delivery of the 2008 Bonds, to which reference is hereby made. Wherever defined terms of the Indenture and the Initial Letter of Credit are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference. The provisions of any Alternate Letter of Credit may be different from those summarized below.

Indenture Requirements

The Indenture requires that the Letter of Credit must be an irrevocable letter of credit of a commercial bank providing for State School Aid Payments to or upon the order of the Trustee of amounts up to: (a) the outstanding principal amount of the Series 2008 Bonds when due, at maturity or upon acceleration, redemption, purchase pursuant to a tender or otherwise; and (b) interest on the Series 2008 Bonds for a period of 45 days at the rate of 10% per annum; provided, however, that for the Letter of Credit in effect during the Fixed Rate Period: (i) the stated amount of such Letter of Credit must include interest on the Series 2008 Bonds for a period of 195 days (or such other number of days as may be required by any Rating Agency then rating the Series 2008 Bonds) at the Fixed Rate and any premium which would be payable on the Series 2008 Bonds if the Letter of Credit was not extended beyond its Stated Expiration Date; and (ii) the Letter of Credit will not cover any Liquidity Drawing. The Letter of Credit must have a stated expiration date that is no earlier than 364 days from its date of issuance.

The Initial Letter of Credit

The Initial Letter of Credit issued contemporaneously with the delivery of the Series 2008 Bonds will be, in all respects, an irrevocable obligation of the Bank. The Initial Letter of Credit will be issued in an amount equal to the aggregate principal amount of the outstanding Series 2008 Bonds, plus 45 days' interest thereon at a rate of 10% per annum. The Trustee, upon compliance with the terms of the Initial Letter of Credit, is authorized and directed to draw up to: (a) an amount sufficient to pay principal of the Series 2008 Bonds (other than Series 2008 Bonds purchased with the proceeds of a drawing under the Initial Letter of Credit upon mandatory or optional tender and which have not been remarketed ("Pledged Bonds")) when due, whether at maturity or upon redemption, acceleration, purchase pursuant to a tender or otherwise; plus (b)

interest on the Series 2008 Bonds for a period of 45 days at the rate of 10% per annum. The Initial Letter of Credit will not cover amounts payable during the Fixed Rate Period unless it is amended.

The Initial Letter of Credit will expire, unless otherwise extended or amended pursuant to its terms, upon the earliest to occur of: (a) the payment in full by the Bank of funds authorized to be drawn thereunder; (b) the surrender of the Initial Letter of Credit by the Trustee to the Bank for cancellation as a result of: (i) there being no Outstanding Bonds (as defined in the Indenture); or (ii) the acceptance by the Trustee of an Alternate Letter of Credit; (c) its stated expiration date of July 15, 2011 (or such later date to which the stated expiration date has been extended in accordance with the terms of the Initial Letter of Credit); (d) the Business Day following the Conversion Date; or (e) the close of business on the date which is 15 days after receipt by the Trustee of a written notice from the Bank: (i) specifying the occurrence of an “event of default” under the Reimbursement Agreement; and (ii) directing the Trustee to accelerate the Series 2008 Bonds. During the Variable Rate Period, if the stated expiration date of the Initial Letter of Credit is imminent and no Alternate Letter of Credit will be provided, the Series 2008 Bonds are subject to mandatory tender as described under “THE SERIES 2008 BONDS - Mandatory Tender of Series 2008 Bonds.”

The amount available under the Initial Letter of Credit will be reduced automatically by the amount of any drawing thereunder subject to reinstatement as described below. With respect to a drawing by the Trustee solely to pay interest on the Series 2008 Bonds on an Interest Payment Date, the amount available under the Initial Letter of Credit will be automatically reinstated on the 6th calendar day from the date of payment by the Bank of such drawing unless the Bank notifies the Trustee in writing that such amount will not be so reinstated. With respect to a drawing on the Initial Letter of Credit to pay the portion of the purchase price of Series 2008 Bonds (other than Pledged Bonds or Academy Bonds) delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and which are not remarketed (a “Liquidity Drawing”), upon a remarketing of Series 2008 Bonds (or portions thereof) purchased with the proceeds of such Liquidity Drawing, the amount available under the Initial Letter of Credit will be reinstated in an amount equal to the principal amount of the Series 2008 Bonds purchased with the proceeds of such Liquidity Drawing which have been remarketed and for which the Bank has received the remarketing proceeds, plus the amount of accrued interest thereon paid with the proceeds of such Liquidity Drawing and attributable to the Series 2008 Bonds that have been remarketed and for which the Bank has received the proceeds, upon notification from the Bank to the Trustee that the conditions precedent to the release of the Series 2008 Bonds held under the Pledge Agreement (as defined in the Indenture) have been satisfied.

Alternate Letter of Credit

The Academy may elect to replace any Letter of Credit with an Alternate Letter of Credit conforming to the requirements of the Indenture.

Notwithstanding anything to the contrary contained in the Indenture: (a) while the Series 2008 Bonds bear interest at the Variable Rate, they shall be secured by a Letter of Credit; and (b) if the Series 2008 Bonds are converted to bear interest at the Fixed Rate, they shall be secured by

a Letter of Credit. In addition, if the Fixed Rate Period is then in effect the Academy may not furnish an Alternate Letter of Credit with a stated expiration date earlier than the Stated Expiration Date of the Letter of Credit then in effect.

Upon delivery to the Trustee of an Alternate Letter of Credit conforming to the requirements of the Indenture and delivery of the opinions described therein, then the Trustee shall accept such Alternate Letter of Credit and promptly surrender for cancellation the previously held Letter of Credit to the issuer thereof in accordance with the terms of such Alternate Letter of Credit; provided that no delivery of such Alternate Letter of Credit shall be effective unless the Academy has given written notice to the Trustee (a copy of which shall be delivered to the Bank providing the then current Letter of Credit) not less than 45 days prior to such delivery (or such shorter period as shall be acceptable to the Trustee but not less than 30 days) of the Academy's intention to provide for delivery of such Alternate Letter of Credit and the anticipated date of such delivery. During the Variable Rate Period, upon receipt of such notice, the Trustee shall take all actions necessary to subject the Series 2008 Bonds to mandatory tender as described in the Indenture on the proposed effective date of such Alternate Letter of Credit. During the Fixed Rate Period, the Trustee shall give at least 20 days prior written notice of the proposed substitution to the Bondholders and the Authority.

THE REIMBURSEMENT AGREEMENT

The following is a summary of certain provisions of the Reimbursement Agreement between the Academy and the Bank, as in effect on the date of this Official Statement. This summary is not a complete recital of the terms of the Reimbursement Agreement and reference is made to the Reimbursement Agreement in its entirety. The Reimbursement Agreement may be amended or otherwise modified without notice to or consent by any person or entity other than the parties thereto. The provisions of any Reimbursement Agreement under which an Alternate Letter of Credit is issued may be different from those summarized below. Capitalized terms used below without definition shall have the meanings ascribed to them in the Reimbursement Agreement.

Reimbursement by the Academy

The Academy agrees to reimburse the Bank for all amounts that are drawn by the Trustee under the Letter of Credit, together with interest on all such amounts in accordance with its terms and the provisions of the Reimbursement Agreement.

Fees, Commissions and Expenses

Pursuant to the Reimbursement Agreement, the Academy agrees to pay to the Bank a commitment fee, a one-time set up fee, a termination fee, an annual fee based on the amount available to be drawn under the Letter of Credit, interest on amounts drawn under the Letter of Credit to the date of repayment by the Academy, an administrative fee for each drawing under the Letter of Credit, and all expenses incurred in maintaining the Letter of Credit and in enforcing the Bank's rights under the Reimbursement Agreement and the Security Documents. All costs and expenses (including those which result from a change in law) incurred by the Bank

relative to the Letter of Credit or the Reimbursement Agreement will also be paid by the Academy.

Certain Affirmative and Negative Covenants

The Academy affirmatively covenants in the Reimbursement Agreement, among other things, to maintain its legal existence; to comply with all applicable laws; to maintain its properties and adequate insurance; to keep proper books and records; to permit the Bank to examine such books and records; to submit to the Bank certain financial and other reports and information; to maintain its depository relationship with the Bank; and to maintain certain security and collateral for the benefit of the Bank.

The Academy also covenants not to do certain things or permit certain conditions to exist without the written consent of the Bank, including, among other things: not to violate certain financial covenants; not to permit certain indebtedness and liens to exist; not to dispose of certain assets; not to enter into certain transactions; not to make certain investments; and not to make capital expenditures in excess of a certain amount.

These covenants are solely for the benefit of the Bank. The Bank may waive any such covenants or certain other provisions of the Reimbursement Agreement and may agree with the Academy to amend certain covenants or provisions. The Bondholders will have no rights or obligations as a result of the covenants or provisions of any amendments or waivers thereof.

Events of Default

The occurrence of certain events constitutes an Event of Default (unless waived by the Bank or unless cured within applicable time periods set forth in the Reimbursement Agreement) under the Reimbursement Agreement. These events pertain to, but are not limited to the following:

(a) The Academy shall fail to pay when due any amount payable pursuant to the Reimbursement Agreement and such failure shall continue for three days after the due date;

(b) Any representation or warranty made by the Academy in connection with the Agreement or any of the Operative Documents shall prove to have been incorrect in any material respect when made;

(c) The Academy shall fail to perform or observe certain terms, covenants or agreements contained in the Reimbursement Agreement;

(d) The Academy shall fail to perform or observe any other term, covenant or agreement contained in the Reimbursement Agreement, and such failure shall remain unremedied for 30 calendar days after written notice thereof shall have been given to the Academy by the Bank;

(e) Any material provision of the Reimbursement Agreement shall at any time for any reason cease to be valid and binding on the Academy, or shall be declared to be null and void, or the validity or enforceability thereof against the Academy shall be contested by the

Academy or any governmental agency or authority, or the Academy shall deny that it has any or further liability or obligation under the Reimbursement Agreement;

(f) The Academy shall fail to pay when due any amount payable on any Indebtedness or other obligations of the Academy to the Bank or any affiliate of the Bank, or shall fail to perform or observe any covenant, term or condition contained in any agreement relating to such Indebtedness beyond the period of grace, if any, relating thereto, or any event of default shall occur thereunder after giving effect to any applicable grace period;

(g) The Academy shall fail to pay any part of the principal of, the premium, if any, or the interest on, or any other payment of money due under, any of its Indebtedness (other than Indebtedness hereunder or covered under clause (f) above) beyond any period of grace provided with respect thereto, which individually or together with other such Indebtedness as to which any such failure exists has an aggregate outstanding principal amount in excess of \$1,000; or if the Academy fails to perform or observe any other agreement, term or condition contained in any document evidencing or securing such Indebtedness, or in any agreement or instrument under which any such Indebtedness was issued or created, beyond any period of grace, if any, if the effect of such default is either to cause or to permit the holder or holders thereof (or a trustee on its or their behalf) to cause the Indebtedness to become due prior to its stated maturity unless such default has been waived pursuant to the terms of such other agreement;

(h) A default by the Academy under any of the Operative Documents shall have occurred and be continuing without being cured or waived pursuant thereto;

(i) One or more judgments or orders for the payment of money in an aggregate amount in excess of \$1,000 shall be rendered against the Academy, or any other judgment or order (whether or not for the payment of money) shall be rendered against or shall affect the Academy which causes or would likely cause a material adverse change in the business, prospects, properties, operations or condition, financial or otherwise, of the Academy or which does or would likely have a material adverse effect on the legality, validity or enforceability of the Reimbursement Agreement or any of the Security Documents, and either: (i) such judgment or order shall have remained unsatisfied and the Academy shall not have taken action necessary to stay enforcement thereof by reason of pending appeal or otherwise, prior to the expiration of the applicable period of limitations for taking such action or, if such action shall have been taken, a final order denying such stay shall have been rendered; or (ii) enforcement proceedings shall have been commenced by any creditor upon any such judgment or order;

(j) The occurrence of a Reportable Event that results in or could result in liability of the Academy to the PBGC or to any Plan and such Reportable Event is not corrected within thirty (30) days after the occurrence thereof; or the occurrence of any Reportable Event which could constitute grounds for termination of any Plan of the Academy by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer any such Plan and such Reportable Event is not corrected within thirty (30) days after the occurrence thereof; or the filing by the Academy of a notice of intent to terminate a Plan or the institution of other proceedings to terminate a Plan; or the Academy shall fail to pay when due any liability to the PBGC or to a Plan; or the PBGC shall have instituted proceedings to terminate, or to cause a trustee to be appointed to administer, any Plan of the Academy; or any person engages in a

Prohibited Transaction with respect to any Plan which results in or would likely result in liability of the Academy, any Plan of the Academy, or affiliated fiduciary of any such Plan; or failure by the Academy to make a required installment or other payment to any Plan within the meaning of Section 302(f) of ERISA or Section 412(n) of the Code that results in or would likely result in liability of the Academy to the PBGC or any Plan; or the withdrawal of the Academy from a Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(9a)(2) of ERISA; or the Academy becomes an employer with respect to any Multiemployer Plan without the prior written consent of the Bank;

(k) The Academy shall be dissolved or liquidated (or any judgment, order or decree therefor shall be entered), or shall generally not pay its debts as they become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or shall institute, or there shall be instituted against the Academy any proceeding or case seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or seeking the entry of an order for relief, or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets, rights, revenues or property, and, if such proceeding is instituted against the Academy and is being contested by the Academy in good faith by appropriate proceedings, such proceeding shall remain undismissed or unstayed for a period of 60 days; or the Academy shall take any action (corporate or other) to authorize or further any of the actions described above in this subsection;

(l) Any event of default described in any Security Document shall have occurred and be continuing beyond any grace period provided with respect thereto, or any material provision of any Security Document shall at any time for any reason cease to be valid and binding and enforceable against any obligor thereunder, or the validity, binding effect or enforceability thereof shall be contested by any person, or any obligor shall deny that it has any or further liability or obligation thereunder, or any Security Document shall be terminated, invalidated or set aside, or be declared ineffective or inoperative or in any way cease to give or provide to the Bank the benefits purported to be created thereby; or

(m) Nonpayment by the Academy of any Rate Management Obligation when due or the breach by the Academy of any term, provision or condition contained in any Rate Management Agreement.

Written notice delivered to the Trustee by the Bank to declare the principal of all Series 2008 Bonds outstanding and accrued interest due and owing arising out of the occurrence and continuance of an Event of Default under the Reimbursement Agreement constitutes an Event of Default under the Indenture. (See "THE INDENTURE - Defaults and Remedies.")

AN EVENT OF DEFAULT UNDER THE REIMBURSEMENT AGREEMENT, INCLUDING AN EVENT OF DEFAULT WITH RESPECT TO THE FINANCIAL COVENANTS OF THE ACADEMY (WHICH ARE NOT DESCRIBED HEREIN), COULD RESULT IN THE ACCELERATION OF PRINCIPAL AND INTEREST ON THE SERIES 2008 BONDS AND THE EXERCISE OF ALL AVAILABLE REMEDIES UNDER THE INDENTURE.

Security for Reimbursement Agreement

As security for the Academy's obligations under the Reimbursement Agreement, the Academy will execute, among other collateral documents, Security Documents granting: (a) a first priority security interest in the Reserve Account; (b) a first-priority security interest in the Capitalized Interest Account; (c) a first priority pledge of any Bonds which are purchased through a Purchase Drawing under the Letter of Credit, pursuant to the Pledge Agreement; and (d) all other security and collateral described in the Security Documents. The Academy also assigns to the Bank and grants to the Bank a security interest in the Project fund held by the Trustee, to the extent of the Academy's interest in the Project fund. Any of the Academy's other property in which the Collateral Agent or the Bank has a security interest to secure payment or performance of any other Indebtedness to the Bank, shall also secure payment of the Obligations and be part of the collateral for the Reimbursement Agreement.

Pursuant to a Pledge and Security Agreement, dated as of July 1, 2008 (the "Pledge Agreement"), the Bank, the Academy and the Trustee have agreed that the Trustee shall hold, as agent for the Bank, any Series 2008 Bonds not remarketed by the Remarketing Agent and paid for with a draw on the Letter of Credit. Such Series 2008 Bonds (or their beneficial ownership interests) will be pledged to the Bank to secure repayment of moneys thus paid by the Bank. Upon receipt by the Trustee on behalf of the Bank of moneys sufficient to reimburse in full the amount of such Letter of Credit payment, the Pledged Bonds shall be released and the Letter of Credit shall be reinstated as therein provided.

Indemnification of the Bank

The Academy agrees to indemnify and hold the Bank harmless from certain claims, damages, losses, liabilities, costs or expenses which arise by reason of certain untrue or alleged untrue statements or omissions of certain material statements in this Official Statement and in connection with the execution and delivery or transfer of, or payment or failure to pay under, the Letter of Credit. There are, however, specific limitations and qualifications on the Academy's duty to indemnify and hold the Bank harmless which are set forth in the Reimbursement Agreement.

THE 2008 MUNICIPAL OBLIGATION AND THE 2008 FINANCING AGREEMENT

The following is a brief summary of certain provisions of the 2008 Municipal Obligation and the 2008 Financing Agreement and does not purport to be comprehensive or definitive. All references herein to the 2008 Municipal Obligation and the 2008 Financing Agreement are qualified in the entirety by reference to the 2008 Municipal Obligation and the 2008 Financing Agreement for the detailed provisions thereof. Capitalized terms used below without definition shall have the meanings ascribed to them in the 2008 Municipal Obligation and the 2008 Financing Agreement.

General

Under the 2008 Financing Agreement, the Authority agrees to issue, sell and deliver the Series 2008 Bonds pursuant to the Indenture, subject to specified conditions and shall cause the

proceeds of the sale of the Series 2008 Bonds to be deposited with the Trustee and applied as contemplated by the Indenture.

Payment Obligations of the Academy

The Academy will pay monthly installments in the amounts and on the dates as set forth in the 2008 Municipal Obligation and the 2008 Financing Agreement to the Trustee as assignee of the Authority. Additionally, the Academy agrees to pay, or cause to be paid, to the Trustee on or before each purchase date, an amount sufficient, together with any remarketing proceeds then held by the Remarketing Agent and available for such purpose under the terms of the Indenture, to enable the Trustee to pay the Purchase Price (as defined in the Indenture) of all Series 2008 Bonds to be purchased on such date; provided, however, that if the Letter of Credit is outstanding and drawings may be made thereunder, payments with respect to the Purchase Price of the Series 2008 Bonds on such date which are required to be made by the Academy shall be made on behalf of the Academy by the Trustee with funds drawn by the Trustee under the Letter of Credit. If on any purchase date the remarketing proceeds together with the amount drawn under the Letter of Credit are insufficient to pay the Purchase Price of the Series 2008 Bonds being tendered on such date, the Academy will immediately pay an amount equal to the deficiency to the Trustee in immediately available funds.

Obligations of the Academy Unconditional

The obligation of the Academy to pay the Bond Payments and Additional Payments (each as defined in the 2008 Financing Agreement) and all other amounts required by the 2008 Municipal Obligation and the 2008 Financing Agreement to be paid by the Academy are an absolute and unconditional general obligation of the Academy and are not subject to diminution by set-off, recoupment, counterclaim, abatement or otherwise. It is the intent and expectation of the Academy and the Authority that the Bond Payments will be sufficient for the payment in full of the Series 2008 Bonds, including: (a) the total interest to become due and payable on the Series 2008 Bonds to the dates of payment thereof; (b) the total principal amount of the Series 2008 Bonds; (c) the redemption premiums, if any, that shall be payable on the redemption of the Series 2008 Bonds prior to their stated payments dates; and (d) all additional interest, additional principal and any other amounts payable to the Bondholder as and when required by the Series 2008 Bonds or the 2008 Financing Agreement.

Costs of Issuance

The Academy covenants and agrees to promptly pay the Costs of Issuance (as defined in the 2008 Financing Agreement) upon notification by the Authority.

Indemnification of the Authority

The Authority and its members, officers, agents and employees (the “Indemnified Persons”) shall not be liable to the Academy for any reason. The Academy shall, to the extent permitted by law, indemnify and hold the Authority and the Indemnified Persons harmless from any loss, expense (including reasonable counsel fees) or liability of any nature due to any and all suits, actions, legal or administrative proceedings, or claims arising or resulting from, or in any way connected with: (a) the financing, operation, construction, use or maintenance of the Site or

Project; (b) any act, failure to act or misrepresentation by any person, firm, corporation or governmental agency, including the Authority, in connection with the issuance, sale, delivery or remarketing of any of the Series 2008 Bonds; (c) any act or failure to act by the Authority in connection with the 2008 Financing Agreement or any other document involving the Authority in this matter; and (d) the selection and appointment of firms or individuals providing services related to the Series 2008 Bond transaction. If any suit, action or proceeding is brought against the Authority or any Indemnified Person, that suit, action or proceeding shall be defended by counsel to the Authority or the Academy, as the Authority shall determine. If the defense is by counsel to the Authority, which is the Attorney General of Michigan or may, in some instances, be private, retained counsel, the Academy shall indemnify the Authority and Indemnified Persons for the reasonable costs of that defense, including reasonable counsel fees. If the Authority determines that the Academy shall defend the Authority or Indemnified Persons, the Academy shall immediately assume that defense at its own cost. The Academy shall not be liable for any settlement of any proceedings made without its consent (which consent shall not be unreasonably withheld).

The Academy shall not be required to indemnify the Authority or any Indemnified Person if a court with competent jurisdiction finds that the liability in question was caused by the willful misconduct or sole gross negligence of the Authority or the involved Indemnified Person, unless the court determines that, despite the adjudication of liability but in view of all circumstances of the case, the Authority or the Indemnified Person(s) is (are) fairly and reasonably entitled to indemnity for the expenses which the court considers proper.

The Academy shall, to the extent permitted by law, also indemnify the Authority for all reasonable costs and expenses, including reasonable counsel fees, incurred in: (a) enforcing any obligation of the Academy under the 2008 Financing Agreement or any related agreement; (b) taking any action requested by the Academy; (c) taking any action required by the 2008 Financing Agreement or any related agreement; or (d) taking any action considered necessary by the Authority which is authorized by the 2008 Financing Agreement or any related agreement.

Taxes and Other Costs

The Academy shall promptly pay, as the same become due, all lawful taxes and governmental charges of any kind whatsoever, including without limitation income, profits, receipts, business, property and excise taxes, with respect to any estate, interest, documentation or transfer in or of the Site and the Project, the Agreement or any payments with respect to the foregoing, the costs of all building and other permits to be procured, and all utility and other charges and costs incurred in the operation, maintenance, use, occupancy and upkeep of the Site and the Project.

Maintenance of Legal Existence

During the term of the 2008 Financing Agreement, and except as otherwise provided therein, the Academy shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another entity or permit one or more entities to consolidate with or merge into it without the prior written consent of the Authority. Additionally, the Academy shall maintain its existence as a public school academy under

Michigan law and shall continue to operate its facilities located at the Site as a public school which will produce sufficient available revenues to pay the Bond Payments and all other amounts due and owing under the 2008 Financing Agreement. Notwithstanding the foregoing, the Academy shall have the right to cease operations at the Site upon: (a) prepayment in full of the Bond Payments, Additional Payments and any prepayment premium required by the Authority as determined in the sole discretion of the Authority; and (b) filing an opinion of Bond Counsel that such prepayment and release will not adversely affect the exclusion of interest on the Series 2008 Bonds from gross income for federal income tax purposes.

Transfer, Assignment and Leasing

The Academy may lease any portion of the Project, provided that the Academy delivers to the Bank, the Authority and the Trustee in connection with any such leasing a Favorable Opinion of Bond Counsel with respect to such lease. No leasing shall relieve the Academy from primary liability for any of its obligations under the 2008 Financing Agreement, and in the event of any such leasing the Academy shall continue to remain primarily liable for the payment of Bond Payments and for performance and observance of the other agreements described in the 2008 Financing Agreement on its part to be performed and observed.

So long as the Series 2008 Bonds are secured by the Letter of Credit and subject to the prior written consent of the Bank and the Authority, the 2008 Municipal Obligation and the 2008 Financing Agreement may be assigned and the Project may be sold or conveyed by the Academy to a new owner without the necessity of obtaining the consent of the Trustee or any Bondholder, subject, however, to the following conditions:

- (a) Approval by the Authority, in its sole discretion, of such sale or conveyance;
- (b) The Academy shall, on or prior to the effective date of such sale or assignment, furnish or cause to be furnished to the Authority, the Remarketing Agent, the Bank and the Trustee (i) an executed assumption agreement whereby the new owner agrees in writing to assume the obligations of the Academy under the 2008 Financing Agreement and the related bond documents to which the Academy is a party, together with the Bank's written consent thereto, and (ii) a Favorable Opinion of Bond Counsel with respect to such assignment or sale agreement; and
- (c) The new owner shall submit evidence to the Trustee that it is qualified to do business as a public school academy in the State of Michigan.

If the Series 2008 Bonds are no longer secured by the Letter of Credit, neither the 2008 Municipal Obligation nor the 2008 Financing Agreement may be assigned without the prior written consent of the Authority, the Trustee and a majority of the holders of the Series 2008 Bonds and compliance with the requirements described in (a) and (b) above.

Maintenance, Repair and Modification

The Academy will at its own expense keep the Project in good repair and good operating condition, ordinary wear and tear excepted. The Academy may, from time to time and at its own expense, make any additions, modifications or improvements to the Project as it may deem

desirable, provided that such modifications or improvements do not: (a) materially and adversely affect the scope, character, value or operation of the Project without the prior written consent of the Bank; (b) impair the exclusion of interest on the Series 2008 Bonds from gross income for federal income tax purposes; or (c) contravene the provisions of the Enabling Legislation.

Application of Insurance and Condemnation

In the event: (a) the Site or the Project is damaged or destroyed; or (b) failure of title to all or part of the Site or the Project occurs or title to or temporary use of the Site or the Project is taken by condemnation or by the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Academy shall promptly give written notice thereof to the Authority, the Bank and the Trustee. As soon as practicable, but not later than 60 days after such damage or condemnation, the Academy shall elect in writing whether to restore all or part of the Project or to prepay the Agreement. The Academy may only restore all or part of the Project if it demonstrates to the Trustee that: (a) it has sufficient money available to it (including insurance proceeds) to undertake such restoration; and (b) such restoration will not cause interest on the Series 2008 Bonds which would otherwise be excludable from gross income for federal income tax purposes to be included in gross income for federal income tax purposes. If the Academy chooses to restore all or part of the Project, the Trustee shall deposit the proceeds of such condemnation or insurance in the Project Fund, which shall be reactivated and drawn down through the use of Requisition Certificates in the same manner as provided for the Project Fund. If the Academy shall elect to restore the Site and the Project, it shall proceed to do so with reasonable dispatch. If the Site and the Project shall have been so damaged or destroyed, or if failure of title or condemnation or taking of such part thereof shall have been taken so that the Site and the Project may not be reasonably restored within a period of 12 consecutive months (or such longer period of time as is acceptable to the Trustee) to its condition immediately preceding such damage or destruction or failure of title, or if the Academy is thereby prevented from carrying on its normal operations for a period of 12 consecutive months (or such longer period of time as is acceptable to the Trustee), or if the cost of restoring the Site and the Project is reasonably deemed by the Academy to be uneconomic and the Academy abandons the Site and the Project, then all proceeds of such insurance or condemnation shall be transferred to the Bond Fund and used for payment or redemption of the Series 2008 Bonds.

Defaults and Remedies

Each of the following is an “Event of Default” under the 2008 Financing Agreement:

(a) Failure by the Academy to make a Bond Payment when due; provided, however, that no Event of Default described in this subparagraph (a) shall be deemed to have occurred solely by reason of such failure to make such payments if and to the extent that payments have nonetheless been made by the Bank to the Trustee pursuant to the Letter of Credit for deposit in the Bond Fund at such times and in such manner so as to prevent an event of default described under clause (a) or (b) under the heading “THE INDENTURE - Defaults and Remedies” herein;

(b) Failure by the Academy to make an Additional Payment when due; provided, however, that no Event of Default described in this subparagraph (b) shall be deemed to have occurred solely by reason of such failure to make such payments if and to the extent that payments have nonetheless been made pursuant to a drawing on the Letter of Credit in accordance with the Indenture at such times and in such manner so as to prevent an event of default described under clause (c) under the heading “THE INDENTURE - Defaults and Remedies” herein;

(c) Failure by the Academy to observe and perform any other obligations in the 2008 Financing Agreement or any other related or collateral document on its part to be observed or performed for a period of forty-five (45) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Academy by the Authority, the Bank or the Trustee; provided, however, that if the failure is such that it cannot be corrected within such 45-day period, it shall not constitute an Event of Default if the default, in the opinion of the Trustee is correctable without material adverse effect on the Series 2008 Bonds and if corrective action is instituted within such period and diligently pursued until the default is corrected;

(d) The dissolution or termination of the Academy or failure by the Academy promptly to lift any execution, garnishment or attachment of such consequences as will materially impair its ability to carry out its obligations under the 2008 Financing Agreement or the Academy becomes insolvent or bankrupt, or makes an assignment for the benefit of creditors or consents to the appointment of a trustee or receiver for the Academy or for the greater part of its properties; or a trustee or receiver is appointed for the Academy or for the greater part of its properties without its consent and is not discharged within 60 days; or bankruptcy, reorganization or liquidation proceedings are commenced by or against the Academy, and if commenced against the Academy are consented to by it or remain undismissed for 60 days; or an order for relief is entered in any bankruptcy proceeding;

(e) Any representation or warranty made by the Academy in any document delivered by the Academy to the purchaser(s) of the Series 2008 Bonds, the Trustee or the Bank or the Authority in connection with the issuance, sale and delivery of the Series 2008 Bonds proves to be untrue when made in any material respect;

(f) If the Academy shall default under any other agreement for payment of money in excess of \$25,000 and such default shall not be cured within any period of grace provided in such agreement, if any, or if the Academy shall assign or convey or attempt to assign or convey any of its rights or obligations under the 2008 Financing Agreement except as shall be permitted under the 2008 Financing Agreement, provided, however, that the Academy shall not be in default under this section (f), if it is contesting in good faith any default under any such other agreement for the payment of money, unless in the estimation of the Trustee the security of the Trustee under the 2008 Financing Agreement is materially endangered; or

(g) Occurrence of an Event of Default under the Indenture.

Whenever any such Event of Default shall have occurred and be continuing, and if acceleration of the maturity of the Series 2008 Bonds has been declared under the Indenture, the Authority or the Trustee may take one or more of the following remedial steps:

(a) Declare all indebtedness under the 2008 Financing Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable and the Trustee shall thereupon draw upon the Letter of Credit in accordance with its terms and the terms of the Indenture;

(b) Have access to and inspect, examine, and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Academy, only insofar as they relate to the Project, the Site or the Event of Default under the 2008 Financing Agreement and the remedying thereof;

(c) To the extent of any insufficiency after drawing under the Letter of Credit, may exercise and enforce all or any of its rights under the security interests granted in the 2008 Financing Agreement; and/or

(d) To the extent of any insufficiency after drawing under the Letter of Credit, petition a court of competent jurisdiction for the appointment of a receiver to take possession of and manage and operate all or any part of the assets of the Academy for the benefit of the Authority and the Trustee.

No remedy in the 2008 Financing Agreement conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy then or thereafter existing at law or in equity or by statute.

Amendments to 2008 Financing Agreement

The Authority and the Academy may, with the consent of the Bank and the Trustee but without the consent of the Bondholders, amend, change or modify the 2008 Financing Agreement as may be required: (a) to cure any ambiguity or formal defect or omission which shall not adversely affect the interests of the Bondholders; (b) to grant or pledge to the Authority or the Trustee for the benefit of the Bondholders or the Bank, any additional security; or (c) in connection with any other change therein which, in the judgment of the Trustee, is not materially adverse to the Trustee or the Bondholders.

Except for amendments permitted in the preceding paragraph, the 2008 Financing Agreement cannot be amended or modified without the consent of the Bank and the consent of the holders of not less than a majority in the aggregate principal amount of the Bonds then outstanding, such consent to be obtained in accordance with the Indenture.

THE INDENTURE

In addition to the description of certain provisions of the Indenture contained elsewhere herein, the following is a brief summary of certain provisions of the Indenture and does not purport to be comprehensive or definitive. All references herein to the Indenture are qualified in their entirety by reference to the Indenture for the detailed provisions thereof. Capitalized terms used below without definition shall have the meanings ascribed to them in the Indenture.

Assignment and Security

Pursuant to the Indenture, the Authority's interest in the Security is pledged and assigned to the Trustee by the Authority to secure payment of the principal of, premium, if any, and interest on the Series 2008 Bonds.

Bond Fund

The Indenture establishes a Bond Fund, which will be held by the Trustee, and within the Bond Fund there will be a Revenue Account, with two subaccounts designated the 2006 Revenue Subaccount and the 2008 Revenue Subaccount, a Letter of Credit Account which shall be an Eligible Account and a State Aid Intercept Account.

The Trustee will deposit in the 2008 Revenue Subaccount of the Bond Fund: (a) any accrued interest received on the sale of the Series 2008 Bonds; (b) all Academy Repayments under the 2008 Financing Agreement and the 2008 Municipal Obligation other than Scheduled Installment Payments, including all proceeds resulting from the enforcement of the Security or any Collateral Documents or its realization as collateral; and (c) all moneys received by the Trustee under the 2008 Financing Agreement for deposit in the 2008 Revenue Subaccount of the Bond Fund, including 2008 Surplus Bond Proceeds, if any.

The Trustee will deposit in the Letter of Credit Account of the Bond Fund all moneys drawn under the Letter of Credit (other than amounts drawn to pay the Purchase Price of a tendered Series 2008 Bond) to pay principal of, premium, if any, or interest on the Series 2008 Bonds.

The Trustee will deposit in the State Aid Intercept Account of the Bond Fund all Pledged State School Aid Payments received by the Trustee under the 2008 Municipal Obligation and the 2008 Financing Agreement consisting of Scheduled Installment Payments which are made pursuant to the State Aid Agreement.

The Trustee is directed to withdraw sufficient funds from the Bond Fund to pay the principal of, premium, if any, and interest on the Series 2008 Bonds as the same become due and payable. Such payments shall be made first from amounts on deposit in the Letter of Credit Account, and, second, from the 2008 Revenue Subaccount.

Prior to 12:00 noon, Detroit, Michigan time, on the Business Day immediately preceding the date on which any principal and/or interest shall become due on the Series 2008 Bonds (whether upon any Interest Payment Date, at maturity, upon the date fixed for redemption or upon acceleration of the Series 2008 Bonds), the Trustee shall, without making any prior claim or demand upon the Academy, draw on the Letter of Credit an amount sufficient for the purpose of paying the principal, premium, if any, and interest coming due and payable on the Series 2008 Bonds, provided, that the Trustee shall not take any action under the Letter of Credit to pay the principal of, premium, if any, and interest on any Pledged Bonds. The Bank, in accordance with the terms of the Letter of Credit, shall cause funds so drawn to be wired to the Trustee not later than 1:00 p.m., Detroit, Michigan time, on the Interest Payment Date, maturity date, redemption date or acceleration date, as appropriate.

If moneys have been realized by the Trustee under the Letter of Credit for the payment of principal, premium, if any, or interest on the Series 2008 Bonds, then the Trustee shall without any further direction, immediately following the honoring of any draw under the Letter of Credit, transfer an amount equal to the amount drawn by the Trustee under the Letter of Credit from the State Aid Intercept Account to the Bank to satisfy the Academy's reimbursement obligation under the Reimbursement Agreement. Notwithstanding the foregoing, the Trustee shall not transfer any amounts to the Bank from the 2008 Revenue Subaccount to satisfy the Academy's reimbursement obligations to the Bank for interest drawings on the Letter of Credit until such time as the Trustee is notified by the Bank that the Capitalized Interest Account held by the Bank for such purpose has been depleted.

If for any reason funds are not available under the Letter of Credit or in the State Aid Intercept Account for payment of principal of, premium or interest due on the Series 2008 Bonds on any such date, the Trustee shall immediately request from the Academy funds sufficient to make all such payments of principal and/or interest and premium, if any, on the Series 2008 Bonds pursuant to the 2008 Financing Agreement by directing that the Academy deposit such funds with the Trustee at its designated corporate trust office into the Revenue Account of the Bond Fund. If the Academy has deposited moneys in the Revenue Account and moneys have been subsequently realized by the Trustee under the Letter of Credit for the payment of principal, premium, if any, or interest on the Series 2008 Bonds, then the Trustee shall, without any further direction, immediately following the honoring of any draw under the Letter of Credit, transfer such moneys deposited by the Academy in the Revenue Account to the Bank up to the amount drawn by the Trustee under the Letter of Credit to satisfy the Academy's reimbursement obligation under the Reimbursement Agreement.

On the Business Day immediately succeeding each Interest Payment Date, the Trustee shall transfer any balance remaining in the State Aid Intercept Account in excess of the aggregate Set Aside Component as of that date: (a) first, provided no Event of Default shall have occurred and be continuing, to the Bank in an amount equal to the Scheduled Fee Payment; and (b) second, provided no Event of Default shall have occurred and be continuing, to the Academy.

Any amounts remaining in the Bond Fund after payment in full of the Series 2008 Bonds and all other amounts required to be paid under the Indenture or the 2008 Financing Agreement, shall be paid: (a) to the Bank, to the extent of any amounts owing under the Reimbursement Agreement; or (b) if there are no such amounts or obligations of the Academy existing under the Reimbursement Agreement as certified in writing by the Bank to the Trustee, to the Academy upon the expiration or sooner cancellation or termination of the term of the 2008 Financing Agreement as provided therein.

Project Fund

The net proceeds of the Series 2008 Bonds shall be delivered to the Trustee for deposit into the Project Fund. Any moneys received by the Trustee from any source for the Project shall also be deposited in the Project Fund. Moneys in the Project Fund shall be expended and disbursed to pay Costs of the Project in accordance with the provisions of the 2008 Financing Agreement. The moneys in the Project Fund shall be held in trust by the Trustee and, pending

application to pay Costs of the Project, shall be held as trust funds under the Indenture until paid out or transferred as provided in the 2008 Financing Agreement.

Investment of Funds

Moneys held as part of the Project Fund shall be invested and reinvested at the written direction of the Academy in Eligible Investments in accordance with the provisions of the 2008 Financing Agreement and subject to the provisions of the Non-Arbitrage Certificate. Any moneys received by the Trustee from a drawing under the Letter of Credit shall remain uninvested and any other moneys held by the Trustee in the Bond Fund may only be invested and reinvested in Government Obligations or Government Obligations Funds. The Trustee may conclusively rely upon such instructions as to the suitability of the directed investments. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. Any Eligible Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund and account which was used to purchase the same. All interest accruing thereon and any profit realized from Eligible Investments shall be credited to the respective fund or account and any loss resulting from Eligible Investments shall be similarly charged. At the written direction of the Academy, the Trustee shall cause to be sold and reduced to cash a sufficient amount of Eligible Investments whenever the cash balance is or will be insufficient to make a requested or required disbursement from the Project Fund. The Trustee shall not be accountable for any depreciation in the value of any Eligible Investment or for any loss resulting from such sale. Funds in the Purchase Fund shall remain uninvested.

Purchase of Tendered Series 2008 Bonds

The Remarketing Agent shall hold all moneys delivered to it for the purchase of beneficial interests in Series 2008 Bonds in accounts maintained by it, without investment, solely for the benefit of the persons delivering such moneys, until the beneficial interests in such Series 2008 Bonds purchased with such moneys have been designated by the Remarketing Agent as being held for the account of such persons. The Remarketing Agent shall apply the moneys so deposited with it to pay the purchase price of the beneficial interests in Series 2008 Bonds tendered for purchase.

Purchasers of Series 2008 Bonds which have been remarketed shall be required to deliver the purchase price thereof directly to the Remarketing Agent no later than 12:00 noon, Detroit, Michigan time, on the Business Day preceding each purchase date (whether optional or mandatory).

Prior to 5:00 p.m., Detroit, Michigan time, on the Business Day preceding each purchase date (whether optional or mandatory) the Trustee shall draw upon the Letter of Credit in an amount equal to the purchase price of any tendered Series 2008 Bonds not remarketed and any tendered Series 2008 Bonds remarketed and for which payment has not been received. The Bank shall cause funds so drawn to be wired to the Remarketing Agent no later than 12:30 p.m., Detroit, Michigan time, on the purchase date. In the event the Bank does not cause funds so drawn to be deposited with the Remarketing Agent by 1:00 p.m., Detroit, Michigan time, on each

purchase date (whether optional or mandatory), the Remarketing Agent shall immediately so notify the Academy, and thereafter the Trustee shall transfer to the Remarketing Agent moneys paid by the Academy pursuant to the Indenture in an amount equal to the required purchase price.

The Trustee shall, to the extent it has drawn funds under the Letter of Credit for the purchase of Series 2008 Bonds, authorize direct payment by the Bank to the Remarketing Agent. The Remarketing Agent shall use funds promptly to pay Bondholders.

Defaults and Remedies

Each of the following is an “Event of Default” under the Indenture:

(a) Default in the payment of any interest on any Series 2008 Bond or Additional Bonds when and as the same is due;

(b) Default in the payment of the principal of or any premium on any Series 2008 Bond or Additional Bonds when and as the same is due, whether at the stated maturity or redemption date thereof or by acceleration;

(c) Default in the payment of the purchase price of any Series 2008 Bond required to be purchased pursuant to the Indenture when and as the same is due;

(d) Default in the observance or performance of any other of the covenants, agreements or conditions on the part of the Authority included in the Indenture or in the Series 2008 Bonds or Additional Bonds and the continuance thereof for a period of 30 days after the Trustee gives written notice to the Authority, the Bank and the Academy;

(e) The occurrence of an “Event of Default” as defined in the 2008 Financing Agreement;

(f) The Trustee receives a written notice from the Bank specifying that an “event of default” has occurred and is continuing under the Reimbursement Agreement and directing the Trustee to accelerate the Series 2008 Bonds;

(g) Receipt by the Trustee within five (5) days after a payment under the Letter of Credit with respect to interest on the Series 2008 Bonds of written notice from the Bank that the interest portion of the Letter of Credit will not be reinstated to an amount equal to 45 days’ (or if applicable pursuant to the Indenture during the Fixed Rate Period, 195 days’) interest, calculated at the Maximum Rate or Fixed Rate, as applicable; or

(h) The Bank shall wrongfully dishonor any draft or other request for payment under the Letter of Credit presented in strict accordance with its terms, the Letter of Credit shall, for any reason, become unavailable to or unenforceable by the Trustee, or the Bank: (i) shall generally not pay its debts as they become due; (ii) shall admit in writing its inability to pay its debts generally; (iii) shall make a general assignment for the benefit of creditors; (iv) shall institute any proceeding or voluntary case (A) seeking to adjudicate it a bankrupt or insolvent or (B) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief

or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors; or (C) seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property; (v) shall take any action to authorize any of the actions described above in this subparagraph (h); or (vi) shall have instituted against it any proceeding: (X) seeking to adjudicate it a bankrupt or insolvent; or (Y) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors; or (Z) seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and, if each such proceeding is being contested by the Bank in good faith, each such proceeding shall remain undismissed or unstayed for a period of 60 days, and the Academy shall not have obtained an Alternate Letter of Credit within 60 days after receipt of written notice of each such occurrence.

Any default described in subsection (d) or (e) above may be waived by the Trustee with the written consent of the Bank from time to time if the Authority (or the Academy, on behalf of the Authority) is proceeding with all due diligence to cure such default and the Authority is not otherwise in default under the Indenture.

Subject to the requirement that the Bank's consent to any acceleration must be obtained in the case of an Event of Default described in subsection (d) or (e) above, upon the occurrence of any Event of Default under the Indenture, the Trustee may and upon: (i) the written request of the holders of not less than fifty-one percent in aggregate principal amount of Series 2008 Bonds and Additional Bonds then Outstanding; or (ii) the occurrence of an Event of Default under subsections (a), (b), (c), (d), (f), (g) or (h) above, the Trustee shall immediately, by notice in writing sent to the Authority, declare the principal of and any premium on all Series 2008 Bonds and Additional Bonds then Outstanding (if not then due and payable) and the interest accrued thereon to be due and payable immediately, and, upon said declaration, such principal and premium, if any, and interest shall become and be immediately due and payable. Interest on the Additional Bonds and Series 2008 Bonds shall cease to accrue on the date of such declaration. Upon any declaration of acceleration under the Indenture, the Trustee shall immediately exercise such rights as it may have under the 2008 Financing Agreement to declare all payments thereunder to be immediately due and payable and, to the extent it has not already done so and to the extent necessary, shall immediately draw upon the Letter of Credit as provided in the Indenture.

Upon the happening and continuance of an Event of Default under the Indenture the Trustee may, but only with the prior written consent of the Bank (subject to certain limitations described in the Indenture where the Bank has wrongfully dishonored a drawing under the Letter of Credit or the Letter of Credit is no longer in effect and the Academy's obligations under the Reimbursement Agreement have been paid, in which case the Bank's consent shall not be required), with or without taking action to accelerate under the Indenture, as described above, pursue any available remedy to enforce the performance of or compliance with any other obligation or requirement of the Indenture or the 2008 Financing Agreement.

Subject to the foregoing and the requirement that the Bank's consent to the exercise by the Trustee of any such available remedy must be obtained, upon the happening and continuance

of an Event of Default, and if requested to do so by the holders of at least fifty-one percent in aggregate principal amount of Series 2008 Bonds and Additional Bonds then outstanding and the Trustee is indemnified as provided under the Indenture, the Trustee shall exercise such of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem most effective to enforce and protect the interest of the Bondholders and, except to the extent inconsistent with the interests of the Bondholders, the Bank.

Subject to the rights of the Bank to direct proceedings as summarized above and as further provided in the Indenture, the holders of a majority in aggregate principal amount of Series 2008 Bonds and Additional Bonds then outstanding shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or any other proceedings thereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture, and provided that the Trustee shall be indemnified to its satisfaction.

Discharge of Lien

When all principal of, premium, if any, and interest on the Series 2008 Bonds have been paid, or after provision for such payment has been made in accordance with the Indenture, and all fees and charges of the Trustee payable through the date on which the Series 2008 Bonds are to be retired and all other obligations of the Authority and the Academy under the 2008 Municipal Obligation and the 2008 Financing Agreement and the Indenture have been paid and fully performed, then the Security shall be released from the lien of the Indenture and the Indenture shall be discharged; provided, however, that to the extent the Academy is indebted to the Bank under the Reimbursement Agreement, the Bank shall be subrogated to the rights of the Bondholders to enforce the payment of the Series 2008 Bonds from the Security, and the Trustee shall assign its interest in the Security to the Bank.

Supplemental Indentures

The Authority and the Trustee, with the consent of the Bank but without consent of or notice to any Bondholder, may enter into supplementary indentures not inconsistent with the Indenture:

(a) To cure any ambiguity or to correct or supplement any provision contained in the Indenture or in any supplemental indenture which may be defective or inconsistent with any provision contained in the Indenture or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under the Indenture which do not materially adversely affect the interest of the Bondholders or the Bank;

(b) To grant to or confer upon the Trustee for the benefit of the Bondholders or the Bank any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee;

(c) To grant or pledge to the Trustee for the benefit of the Bondholders and the Bank any additional security other than that granted or pledged under the Indenture;

(d) To modify, amend or supplement the Indenture or any supplemental indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute then in effect or to permit the qualification of the Series 2008 Bonds for sale under the securities laws of any of the states of the United States;

(e) To appoint a successor Trustee, separate trustees or co-trustees in the manner provided in the Indenture;

(f) To make any change necessary to secure from a Rating Agency a rating on the Series 2008 Bonds equal to the rating on the unsecured indebtedness of the Bank other than a change requiring consent of the holders of all Series 2008 Bonds then outstanding;

(g) To increase the Maximum Rate applicable to the Series 2008 Bonds during the Variable Rate Period; and

(h) To make any other change which, in the judgment of the Trustee, is not materially adverse to the Trustee or the Bondholders.

Exclusive of supplemental indentures for the purposes set forth in the preceding paragraph, the consent of the Bank and the holders of not less than a majority in aggregate principal amount of the Series 2008 Bonds and the Series 2006 Bonds then outstanding and affected by such supplemental indenture is required to approve the execution by the Trustee of any supplemental indenture, except that no supplemental indenture shall permit: (i) without the consent of the holders of all Series 2008 Bonds then outstanding; (A) an extension of the maturity of the principal of, or the mandatory redemption date of, or the interest on, any Series 2008 Bond or Series 2006 Bond; (B) a reduction in the principal amount of, or the premium or the rate of interest on, any Series 2008 Bond or Series 2006 Bond; (C) a preference or priority of any bond or series of bonds over any other bond or the Series 2008 Bonds or the Series 2006 Bonds; (D) the creation of a lien prior to the lien of the Indenture; (E) a reduction in the aggregate principal amount of the Series 2008 Bonds or Series 2006 required for consent to any supplemental indenture; or (F) a modification or change which impairs the ability of a Bondholder to tender Series 2008 Bonds or Series 2006 Bonds for purchase pursuant to the Indenture; or (G) without the consent of the Trustee a modification or change in the duties of the Trustee. No supplemental indenture which affects the rights or obligations of the Academy shall become effective without the consent of the Academy.

Trustee

The Bank of New York Mellon Trust Company, N.A., is the Trustee under the Indenture. A successor trustee may be appointed in accordance with the terms of the Indenture. The designated corporate trust office of the Trustee is located at 719 Griswold Street, Suite 930, Detroit, Michigan 48226, Attention: Corporate Trust Administration (Tel: (313) 964-6362).

The Trustee will be protected in acting in reliance on opinions of counsel and other instruments believed to be genuine and correct. Before taking any action requested by the Bondholders or the Academy (except for acceleration of the Series 2008 Bonds as required under the Indenture or drawing on the Letter of Credit as required by the Indenture), the Trustee may require satisfactory security or an indemnity bond from such Bondholders or the Academy for

the reimbursement of expenses and for protection against all liability, except liability which is adjudicated to have resulted from its own gross negligence or willful misconduct by reason of any action so taken.

THE REMARKETING AGREEMENT

The following is a brief summary of certain provisions of the Remarketing Agreement. The statements made under this caption do not purport to be complete and such statements are subject to the detailed provisions of the Remarketing Agreement. Capitalized terms used below without definition shall have the meanings ascribed to them in the Remarketing Agreement.

Fifth Third Securities, Inc., with its principal office in Cincinnati, Ohio, has been appointed as the Remarketing Agent for the Series 2008 Bonds. The Remarketing Agent will remarket any Series 2008 Bonds delivered for purchase pursuant to the Indenture and the Series 2008 Bonds and, pursuant to and subject to the provisions of the Remarketing Agreement, will offer for sale and use its best efforts to sell such Series 2008 Bonds at a price equal to 100% of the principal amount thereof plus accrued interest, if any, to the purchase date. The Remarketing Agent may resign by giving at least 30 days' notice to the Authority, the Trustee and the Academy (such resignation to be effective upon the appointment of a successor Remarketing Agent) and may suspend remarketing upon the occurrence of certain events. The Academy may remove the Remarketing Agent at any time, without cause, upon at least 30 days' written notice to the Remarketing Agent, the Authority, the Bank and the Trustee, and appoint a successor Remarketing Agent. The Academy has agreed to pay the Remarketing Agent an annual remarketing fee.

THE STATE AID AGREEMENT

The following is a brief summary of the State Aid Agreement. The statements made under this caption do not purport to be complete and such statements are subject to the detailed provisions of the State Aid Agreement.

The Academy pledges certain state school aid payments to be received from the State of Michigan pursuant to Act 94 of 1979, as amended (the "State School Aid Act") as security for the payment of the Academy's obligations under the 2008 Municipal Obligation, the 2008 Financing Agreement and the Academy's payment obligations under the Installment Purchase Financing Agreement, dated as of February 1, 2006 among the Authority, ACME Properties Group, LLC and the Academy relating to the Series 2006 Bonds (the "2006 Financing Agreement" and together with the 2008 Financing Agreement, the "Financing Agreements").

In accordance with the Financing Agreements, the Authorizing Body requests and the Authority, pursuant to the State School Aid Act, requests and directs the State Treasurer to transmit 97% of each installment of state school aid allocable to the Academy directly to the Trustee; provided, that the total amounts applied by the Trustee in any fiscal year and used to pay debt service on the long-term debt obligations of the Academy, including the Series 2008 Bonds, shall not exceed twenty percent (20%) of the amount of State School Aid payable to the Academy in such fiscal year.

Additionally, if, on the due date for any payments due under the Financing Agreements, the funds with the Trustee are insufficient to pay amounts due under the Financing Agreements, the Academy, pursuant to the State School Aid Act and to the extent necessary to meet that payment obligation, the State Treasurer is authorized on behalf of the Authority to intercept and/or advance not to exceed 97% of any State School Aid payment to be made to or for the Academy which is dedicated for distribution or for which the appropriation authorizing such payment has been made. Any such advance will be made directly to the Trustee and distributed *pari passu* on a parity basis with the Series 2006 Bonds and the Series 2008 Bonds outstanding issued pursuant to the Indenture in strict accordance with the provisions in the Financing Agreements.

None of the documents executed in connection with the bonds of the Authority issued or to be issued in connection with the transactions described in the State Aid Agreement, the Financing Agreements, the 2008 Municipal Obligation and the transactions to which the State Aid Agreement relates, creates any pecuniary obligation or liability, direct or indirect, general, special or moral, on the part of the Authorizing Body or the State.

TAX MATTERS

General

In the opinion of Dickinson Wright PLLC, Bond Counsel, and the Attorney General of the State of Michigan, based on their examination of the documents described in their opinions, under existing law, the interest on the Series 2008 Bonds: (a) is excluded from gross income for federal income tax purposes; and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that certain corporations must take into account interest on the Series 2008 Bonds in determining adjusted current earnings for the purpose of computing such alternative minimum tax. The opinion set forth in clause (a) above is subject to the condition that the Authority and the Academy comply with all requirements of the Internal Revenue Code of 1986, as amended (the “*Code*”), that must be satisfied subsequent to the issuance of the Series 2008 Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Series 2008 Bonds to be included in gross income retroactive to the date of issuance of the Series 2008 Bonds. The Authority and the Academy have covenanted to comply with all such requirements. Bond Counsel and the Attorney General will express no opinion regarding other federal tax consequences arising with respect to the Series 2008 Bonds and the interest thereon.

By the terms of the Indenture, the 2008 Financing Agreement and other relevant documents, the interest rate on the Bonds may be converted to a Fixed Rate or an Alternate Letter of Credit may be delivered in substitution for the Letter of Credit or certain other changes or actions may be taken under the circumstances and subject to the terms and conditions set forth in such documents subject to receipt of an approving opinion of nationally recognized bond counsel. Bond Counsel and the Attorney General of the State of Michigan will express no opinion as to the effect upon any Bond or the excludability of the interest thereon for federal income taxation purposes resulting from a conversion of the interest rate on the Bonds to a Fixed Rate, the delivery of an Alternate Letter of Credit or any other such change or action.

Prospective purchasers of the Series 2008 Bonds should be aware that: (a) interest on the Series 2008 Bonds is included in the effectively connected earnings and profits of certain foreign corporations for purposes of calculating the branch profits tax imposed by Section 884 of the Code; (b) interest on the Series 2008 Bonds may be subject to a tax on excess net passive income of certain S corporations imposed by Section 1375 of the Code; (c) interest on the Series 2008 Bonds is included in the calculation of modified adjusted gross income for purposes of determining taxability of social security or railroad retirement benefits; (d) the receipt of interest on the Series 2008 Bonds by life insurance companies may affect the federal tax liability of such companies; (e) in the case of property and casualty insurance companies, the amount of certain loss deductions otherwise allowed is reduced by a specific percentage of, among other things, interest on the Series 2008 Bonds; (f) registered owners acquiring the Series 2008 Bonds subsequent to initial issuance will generally be required to treat market discount recognized under Section 1276 of the Code as ordinary taxable income; (g) the receipt or accrual of interest on the Series 2008 Bonds may cause disallowance of the earned income credit under Section 32 of the Code; (h) interest on the Series 2008 Bonds is subject to backup withholding under Section 3406 of the Code in the case of registered owners that have not reported a taxpayer identification number and are not otherwise exempt from backup withholding; and (i) registered owners of the Series 2008 Bonds may not deduct interest on indebtedness incurred or continued to purchase or carry the Series 2008 Bonds, and financial institutions may not deduct that portion of their interest expense allocated to interest on the Series 2008 Bonds.

In the opinion of Dickinson Wright PLLC, Bond Counsel, and the Attorney General of the State of Michigan, based on their examination of the documents described in their opinions, under existing law, the Series 2008 Bonds and the interest thereon are exempt from all taxation of the State of Michigan or a subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS THAT COULD CAUSE THE INTEREST ON THE SERIES 2008 BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE SERIES 2008 BONDS, OR OTHERWISE PREVENT THE REGISTERED OWNERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY SUCH FUTURE LEGISLATION, OR ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE SERIES 2008 BONDS FOR AUDIT EXAMINATION, OR THE AUDIT PROCESS OR RESULT OF ANY EXAMINATION OF THE SERIES 2008 BONDS OR OTHER SERIES 2008 BONDS THAT PRESENT SIMILAR TAX ISSUES, WILL NOT ADVERSELY AFFECT THE MARKET PRICE OF THE SERIES 2008 BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2008 BONDS.

RISK FACTORS

Investment in the Series 2008 Bonds involves certain credit and prepayment risks, including but not limited to the following:

(a) The primary security for the Series 2008 Bonds is intended to be the Letter of Credit delivered by the Bank to the Trustee. As a consequence, no financial information in respect of the creditworthiness of the Academy is included herein. Reference is hereby made to Appendix A hereto which contains certain financial information regarding the Bank. It is possible, however, in the event of the insolvency of the Bank or the occurrence of some other event precluding the Bank from honoring its obligation to make payments as stated in the Letter of Credit, that the financial resources of the Academy will be the only source of payment on the Series 2008 Bonds. There can be no assurance that the financial resources of the Academy would be sufficient to pay the principal, premium, if any, and interest on the Series 2008 Bonds.

(b) Michigan Technical Academy (the “Academy”) is a public school academy and governmental agency of the State of Michigan, organized pursuant to Part 6A of Act No. 451 of the Public Acts of 1976, Michigan Compiled Laws (“M.C.L.”) Section 380.501 et. seq. (the “Revised School Code”) and the Michigan Nonprofit Corporation Act, Act No. 162 of the Public Acts of 1982, M.C.L. Section 450.2101 et. seq.

The Academy began operations in 1995 as one of Michigan's first automotive focused public school academies, offering grades 10 through 12 to only 30 students. The Academy experienced rapid growth and in the year 2000, added grades Kindergarten through 9. The Academy now operates out of four campuses located in Detroit, Michigan and Redford Township, Michigan and educates 1,105 full-time students.

The Academy is governed by a volunteer Board of Directors and operates under a charter contract (the “Charter”) with the Central Michigan University Board of Trustees, its Authorizing Body. The Central Michigan University Board of Trustees has renewed the Academy's charter, effective July 1, 2005 for a three year term expiring June 30, 2008. On July 1, 2008, the Central Michigan University Board of Trustees renewed the Academy's Charter for an additional three year term, unless sooner terminated in accordance with the terms of the Charter, for a term expiring June 30, 2011. The Charter provides the basis for the Academy to receive State School Aid Payments. The Academy's charter may be terminated, suspended or revoked by the Central Michigan University Board of Trustees at any time prior to the expiration of the charter term. As a matter of Michigan law, decisions to revoke or to not renew a charter for the operation of a public school academy are not subject to judicial review. In the event that the Central Michigan University Board of Trustees were to revoke, cancel, or not renew the Academy's charter, and if the Academy were unable to secure another authorizing body in such event, the ability of the Academy to make payments under the 2008 Municipal Obligation and the 2008 Financing Agreement coming due thereafter would be materially adversely affected. Additionally, pursuant to the School Aid Act of 1979, in the event that: (i) the Academy is ineligible to receive funding under the School Aid Act of 1979 for 18 consecutive months; (ii) the Academy's charter is revoked; or (iii) the Academy's charter is not renewed, then property acquired

substantially with funds received from the State pursuant to the School Aid Act of 1979 is required to be transferred to the State.

(c) Upon the occurrence of certain events, including, but not limited to damage to or condemnation of all or a part of the Project, the Series 2008 Bonds may be subject to prepayment in whole or in part at a price equal to 100% of the principal amount thereof (without premium), plus accrued interest. See “THE 2008 MUNICIPAL OBLIGATION AND THE 2008 FINANCING AGREEMENT” and “THE SERIES 2008 BONDS” herein.

(d) Enforcement of remedies provided in the Indenture with respect to payments to be made by the Bank under the Letter of Credit may be limited by insolvency, bankruptcy or other laws relating to creditors’ rights generally. The security provided by the Letter of Credit for payment of the principal of and interest on the Series 2008 Bonds, or the purchase price of the Series 2008 Bonds, may be impaired in the event of a deterioration of the financial condition of the Bank, as the Letter of Credit represents a general claim against the assets of the Bank.

(e) Performance by the Bank of its obligations under the Letter of Credit is subject to the satisfaction of certain conditions by the Trustee, as set forth in the Letter of Credit. Bondholders are thus dependent upon the Trustee acting to satisfy such conditions before they will receive the benefit of the Letter of Credit. Furthermore, the question of whether the Trustee has properly satisfied such conditions is a question of fact which, if disputed, could delay or defeat the Trustee’s rights of enforcement of the Letter of Credit.

(f) The United States Bankruptcy Code generally stays the enforcement of claims against the estate of a bankrupt once a petition in bankruptcy is filed. However, it is possible in the event of a bankruptcy of the Academy that a bankruptcy court could at least temporarily stay the payment of the Letter of Credit until relief from that stay is granted by the bankruptcy court, thus delaying payment to the Bondholders.

(g) The Series 2008 Bonds are not general obligations of the Authority but are limited obligations, payable solely from the Security pledged for the payment thereof pursuant to the Indenture. The Series 2008 Bonds shall never constitute a debt, liability or general obligation of the Authority and shall never constitute nor give rise to a charge against the general credit or general funds or assets of the Authority (including funds pertaining to other loans or activities of the Authority). The Series 2008 Bonds do not constitute an indebtedness or general obligation of the State of Michigan, nor shall any act of the Authority in any manner constitute or result in the creation of an indebtedness of the State of Michigan. The Authority has no taxing power, and no holder or holders of any Series 2008 Bonds shall ever have the right to compel any exercise of the taxing power of the State of Michigan, nor to enforce the payment thereof against any property of the State of Michigan.

(h) In the event the Academy does not comply with all requirements of the Code that must be satisfied in order for interest on the Series 2008 Bonds to be excluded from gross income for federal income tax purposes, the interest on the Series 2008 Bonds may be or become taxable from the date of original issuance to the Bondholders for federal income tax purposes. See “THE SERIES 2008 BONDS - Redemption of the Series 2008 Bonds - *Mandatory*

Redemption Upon Determination of Taxability.” The occurrence of a Determination of Taxability with respect to the Series 2008 Bonds will not constitute an Event of Default under the Indenture and the sole remedy of the Bondholders will be mandatory redemption of the Series 2008 Bonds. No redemption premium will be payable and no increase in the interest payable with respect to the Series 2008 Bonds will occur in the event a Determination of Taxability occurs.

(i) The various legal opinions to be delivered concurrently with the delivery of the Series 2008 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Michigan and the United States of America and other governmental authorities, including police powers exercised for the benefit of the public health and welfare, and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale by the Authority of the Series 2008 Bonds will be passed upon by Dickinson Wright PLLC, Bloomfield Hills, Michigan, Bond Counsel and the Attorney General of the State of Michigan. Copies of the approving opinion of Dickinson Wright PLLC, as Bond Counsel, and of the Attorney General will be available at the time of the delivery of the Series 2008 Bonds. Certain legal matters will be passed upon for the Academy by Collins & Blaha, P.C., Farmington Hills, Michigan, and by Clark Hill PLC, Birmingham, Michigan, for Fifth Third Securities, Inc., in its capacity as Underwriter, and for Fifth Third Bank, in its capacity as issuer of the Letter of Credit, by Dickinson Wright PLLC, Bloomfield Hills, Michigan.

POTENTIAL CONFLICT OF INTEREST

At the request of the Authority, pursuant to the Reimbursement Agreement, Fifth Third Bank, an Ohio banking corporation, is issuing the Initial Letter of Credit which secures the Bonds, pursuant to the Bond Purchase Agreement, Fifth Third Securities, Inc. will underwrite the Bonds and, pursuant to the Remarketing Agreement, Fifth Third Securities, Inc., will also remarket the Bonds. Fifth Third Bank and Fifth Third Securities, Inc. are wholly owned subsidiaries (either directly or indirectly) of Fifth Third Bancorp. Each firm will deliver a certificate at the closing for the Bonds to the effect that the acceptance by and the performance of their respective duties under the Reimbursement Agreement, the Letter of Credit, the Bond Purchase Agreement and the Remarketing Agreement, as applicable, do not constitute a prohibited conflict of interest under any applicable law, regulation, administrative order, or court ruling. The Underwriter and the Remarketing Agent will further certify that if any of them determines that the performance of its duties under the Bond Purchase Agreement or the Remarketing Agreement, as applicable, constitutes a prohibited conflict of interest, it will take appropriate measures to mitigate the conflict.

In connection with the issuance of the Series 2008 Bonds, Dickinson Wright PLLC is acting as Bond Counsel and as counsel to the Bank.

EXEMPTION FROM CONTINUING DISCLOSURE REQUIREMENTS

The initial offering and reoffering of the Series 2008 Bonds are exempt from the requirements of Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission, including the continuing disclosure requirements of paragraph (b)(5) of the Rule, so long as the interest rate determination method remains in the Variable Rate mode. If a Fixed Rate is established for the Series 2008 Bonds, the Series 2008 Bonds may become subject to the continuing disclosure requirements of the Rule and, in such event, the Academy has agreed in the 2008 Financing Agreement to comply with the applicable requirements of the Rule which include, among other things, entering into an undertaking to provide, for the benefit of the Beneficial Owners of the Series 2008 Bonds, certain continuing disclosure information as required by the Rule.

RATING

Standard & Poor’s, a division of the McGraw Hill Companies, Inc. (“S&P”) is expected to assign the Bonds the ratings set forth on the front cover page of this Official Statement upon delivery of the Bonds, based upon the Letter of Credit issued by the Bank. Such ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P. There is no assurance that the ratings assigned to the Bonds will continue for any given period of time or that it will not be revised or withdrawn entirely if in the judgment of the rating agency, circumstances so warrant. A downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

Equitas America, LLC (“Equitas”) serves as financial advisor to the Academy. Pursuant to its agreement with the Issuer, the fees and expenses of Equitas will be paid from the proceeds of the Bonds as one of the costs of issuance.

UNDERWRITING

The Authority, the Academy and the Underwriter have entered into a Bond Purchase Agreement with respect to the initial offering of the Series 2008 Bonds. The Underwriter has agreed to purchase the Series 2008 Bonds at an aggregate purchase price of \$3,885,000 (the par amount of the Series 2008 Bonds) and the Academy has agreed to pay the Underwriter an underwriting fee of \$77,700.

The Underwriter is a broker-dealer and a subsidiary of Fifth Third Bancorp. Fifth Third Bancorp is a multi-bank holding company. Any obligations of the Underwriter are its sole obligations and do not create any obligations on the part of any affiliate of the Underwriter, including any affiliated banks. Securities sold, offered or recommended by the Underwriter are not deposits, are not insured by the Federal Deposit Insurance Corporation, are not guaranteed by any affiliated bank of the Underwriter and are not otherwise an obligation or responsibility of any such affiliated bank.

MISCELLANEOUS

The Series 2008 Bonds are intended to be exempt securities under the Securities Act of 1933, as amended (the “1933 Act”), and the offer, sale and delivery of the Series 2008 Bonds does not require registration under the 1933 Act or qualification of the Indenture under the Trust Indenture Act of 1939. The Academy has agreed that, during the course of the transaction and prior to the sale of the Series 2008 Bonds, potential investors may ask questions of and receive answers from its representatives concerning the terms and conditions of the offering and that potential investors may obtain from it any additional information necessary to verify the accuracy of the information furnished, in each case to the extent it possesses such information or can acquire it without unreasonable effort or expense. Any request for information may be directed to the Underwriter. The designated office of the Underwriter is 38 Fountain Square Plaza, MD 10903C, Cincinnati, Ohio 45263, Attention: Municipal Trading (Tel: 513-534-0559).

The foregoing summaries or descriptions of provisions of the Series 2008 Bonds, the Indenture, the 2008 Municipal Obligation, the 2008 Financing Agreement, the Remarketing Agreement, the Reimbursement Agreement and the Letter of Credit, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof, and reference is made to these documents for full and complete statements of their provisions. Copies, in reasonable quantity, of the Letter of Credit, the Indenture, the 2008 Municipal Obligation and the 2008 Financing Agreement, may be obtained during the offering period upon request directed to the Underwriter.

APPENDIX A

INFORMATION REGARDING FIFTH THIRD BANK

Fifth Third Bank (the "Letter of Credit Bank"), is a state banking corporation organized under the laws of the State of Ohio. The Letter of Credit Bank is a major regional commercial bank offering a wide range of banking services to individual and business customers.

At March 31, 2008 the Letter of Credit Bank had total assets of approximately \$64.564 billion, total liabilities and minority interests in consolidated subsidiaries of approximately \$58.965 billion, and total shareholders' equity of approximately \$5.599 billion. The Balance Sheet from the Report of Condition of the Letter of Credit Bank at March 31, 2008 are set forth on the following pages.

All of the Letter of Credit Bank's capital stock is owned by Fifth Third Bancorp, a publicly-held bank holding company, the common stock of which is registered under the Securities and Exchange Act of 1934. Fifth Third Bancorp files annual and other reports containing audited, consolidated financial and other information, with the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20001-2739, and copies of this information may be obtained from the commission upon payment of copying charges or examined at the Commission's offices, without charge. The Letter of Credit is an unsecured obligation of the Letter of Credit Bank and not of Fifth Third Bancorp. Fifth Third Bancorp has not guaranteed the Letter of Credit Bank's obligation under the Letter of Credit or the Reimbursement Agreement and is not and will not become obligated in any manner with respect thereto.

The Letter of Credit Bank will supply without charge to any person to whom this Offering Circular is delivered a copy of the Fifth Third Bancorp Form 10-K for the year ended December 31, 2007, as well as copies of subsequently filed quarterly and other reports on Forms 10-Q or 8-K, as filed with the Securities and Exchange Commission, upon written request to Paul L. Reynolds, Fifth Third Bancorp, 38 Fountain Square Plaza, Cincinnati, Ohio 45263. Telephone requests should be directed to (513) 579-5300.

The Letter of Credit Bank and Fifth Third Bancorp are responsible only for the information contained in this Appendix and did not participate in the preparation of, or in any way verify, the information contained in any other part of this Official Statement. Accordingly, neither the Letter of Credit Bank or Fifth Third Bancorp assumes any responsibility for nor makes any representation or warranty as to the accuracy or completeness of information contained in any other part of this Official Statement.

Fifth Third Bank 38 FOUNTAIN SQUARE PLAZA CINCINNATI, OH 45263 FDIC Certificate Number: 6672 Web Address: http://www.53.com/	FFIEC 031 Consolidated Report of Condition for March 31, 2008
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Consolidated Report of Condition for Insured Commercial and State-Chartered Savings Banks

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

Dollar Amounts in Thousands		
ASSETS		
1. Cash and balances due from depository institutions (from Schedule RC-A)		
a. Noninterest-bearing balances and currency and coin ¹	RCFD 0081	2,248,553
b. Interest-bearing balances ²	RCFD 0071	83,885
2. Securities:		
a. Held-to-maturity securities (from Schedule RC-B, column A)	RCFD 1754	325,998
b. Available-for-sale securities (from Schedule RC-B, column D)	RCFD 1773	13,061,790
3. Federal funds sold and securities purchased under agreements to resell		
a. Federal funds sold in domestic offices	RCON B987	1,056,692
b. Securities purchased under agreements to resell ³	RCFD B989	0
4. Loans and lease financing receivables (from Schedule RC-C):		
a. Loans and leases held for sale	RCFD 5369	713,832
b. Loans and leases, net of unearned income	RCFD B528	34,789,494
c. LESS: Allowance for loan and lease losses	RCFD 3123	352,656
d. Loans and leases, net of unearned income and allowance (item 4.b minus 4.c)	RCFD B529	34,436,838
5. Trading assets (from Schedule RC-D)	RCFD 3545	342,920
6. Premises and fixed assets (including capitalized leases)	RCFD 2145	712,294
7. Other real estate owned (from Schedule RC-M)	RCFD 2150	48,370
8. Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M)	RCFD 2130	0
9. Not applicable		
10. Intangible assets:		
a. Goodwill	RCFD 3163	462,028
b. Other intangible assets (from Schedule RC-M)	RCFD 0426	566,446
11. Other assets (from Schedule RC-F)	RCFD 2160	3,621,913
12. Total assets (sum of items 1 through 11)	RCFD 2170	57,681,559

LIABILITIES		
13. Deposits:		
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)	RCON 2200	26,522,364
(1) Noninterest-bearing ⁴	RCON 6631	6,921,701
(2) Interest-bearing	RCON 6636	19,600,663
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E, part II)	RCFN 2200	4,998,942
(1) Noninterest-bearing	RCFN 6631	0
(2) Interest-bearing	RCFN 6636	4,998,941
14. Federal funds purchased and securities sold under agreements to repurchase		
a. Federal funds purchased in domestic offices ⁵	RCON B993	3,656,204
b. Securities sold under agreements to repurchase ⁶	RCFD B995	3,194,192
15. Trading liabilities (from Schedule RC-D)	RCFD 3548	218,203
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	RCFD 3190	10,275,814
17. Not applicable		
18. Not applicable		
19. Subordinated notes and debentures⁷	RCFD 3200	824,139
20. Other liabilities (from Schedule RC-G)	RCFD 2930	3,334,458
21. Total liabilities (sum of items 13 through 20)	RCFD 2948	53,024,316
22. Minority interest in consolidated subsidiaries	RCFD 3000	99
EQUITY CAPITAL		
23. Perpetual preferred stock and related surplus	RCFD 3838	0
24. Common stock	RCFD 3230	4,540
25. Surplus (exclude all surplus related to preferred stock)	RCFD 3839	2,053,171
26. a. Retained earnings	RCFD 3632	3,015,999
b. Accumulated other comprehensive income⁸	RCFD B530	-416,566
27. Other equity capital components⁹	RCFD A130	0
28. Total equity capital (sum of items 23 through 27)	RCFD 3210	4,657,144
29. Total liabilities, minority interest, and equity capital (sum of items 21, 22, and 28)	RCFD 3300	57,681,559

Memorandum		
To be reported with the March Report of Condition.		
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2004	RCFD 6724	Number 2

- | | |
|--|---|
| <p>1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank</p> <p>2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)</p> <p>3 = Attestation on bank management's assertion on the effectiveness of the bank's internal control over financial reporting by a certified public accounting firm</p> | <p>4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)</p> <p>5 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)</p> <p>6 = Review of the bank's financial statements by external auditors</p> <p>7 = Compilation of the bank's financial statements by external auditors</p> <p>8 = Other audit procedures (excluding tax preparation work)</p> <p>9 = No external audit work</p> |
|--|---|

¹ Includes cash items in process of collection and unposted debits.

² Includes time certificates of deposit not held for trading.

³ Includes all securities resale agreements in domestic and foreign offices, regardless of maturity.

⁴ Includes total demand deposits and noninterest-bearing time and savings deposits.

⁵ Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."

⁶ Includes all securities repurchase agreements in domestic and foreign offices, regardless of maturity.

⁷ Includes limited-life preferred stock and related surplus.

⁸ Includes net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, and minimum pension liability adjustments.

⁹ Includes treasury stock and unearned Employee Stock Ownership Plan shares.

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

Michigan Public Educational Facilities Authority
Richard H. Austin State Office Building
Lansing, Michigan 48922

We have acted as bond counsel to the Michigan Public Educational Facilities Authority (the "Authority"), in connection with the issuance by the Authority of its Limited Obligation Variable Rate Revenue Bonds (Michigan Technical Academy Project), Series 2008 in the aggregate principal amount of \$3,885,000 (the "Bonds"). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

The Bonds are authorized to be issued by Executive Order No. 2002-3, compiled at §12.192 of the Michigan Compiled Laws, the Shared Credit Rating Act, Act No. 227 of the Public Acts of 1985 of the State, as amended, and the Michigan Strategic Fund Act, Act No. 270 of the Public Acts of 1984 of the State, as amended (the "Enabling Legislation"), a bond authorizing resolution adopted by the Authority on July 2, 2008 (the "Bond Resolution") and a Trust Indenture dated as of February 1, 2006 (the "Trust Indenture") between the Authority and The Bank of New York Mellon Trust Company, N. A., as trustee (the "Trustee"), as amended and supplemented by a 2008 Supplemental Trust Indenture, dated as of July 1, 2008 (the Trust Indenture as amended and supplemented, the "Indenture") for the purpose of providing funds which will be used to (i) purchase the obligation (the "Municipal Obligation") of Michigan Technical Academy, a public school academy organized under the laws of the State of Michigan (the "Academy"), evidenced by a Financing Agreement dated as of July 1, 2008 (the "Financing Agreement") between the Academy and the Authority, and (ii) pay costs of issuance of the Bonds. The Academy will use the proceeds of the Bonds to acquire, expand, renovate and equip certain public school academy facilities.

Under the Financing Agreement, the Academy has agreed to make installment payments to be used to pay when due the principal of, premium (if any) and interest on the Bonds. Such installment payments and other payments and revenues under the Financing Agreement (collectively, the "Security") and the rights of the Authority under the Financing Agreement (except certain rights to indemnification, reimbursement and administrative fees) are pledged and assigned by the Authority to the Trustee as security for the Bonds pursuant to the Indenture. The Bonds are payable solely from the Security and from payments made under the Letter of Credit described below.

As additional security for the Bonds, the Academy has caused Fifth Third Bank, with its main office in Cincinnati, Ohio (the "Bank") to issue an irrevocable direct-pay letter of credit in favor of the Trustee (the "Letter of Credit") to secure the payment of the outstanding principal and purchase price of and up to 45 days' interest on the Bonds, pursuant to a Reimbursement Agreement dated as of July 1, 2008 between the Academy and the Bank.

As further security for the Bonds, the Academy will execute and deliver an amendment to the Mortgage dated as of July 1, 2008 (as amended, the "Mortgage") in favor of the Trustee whereby the real estate financed with the proceeds of the Bonds will be pledged to the Trustee to secure the Academy's obligations under the Financing Agreement. We note that various issues concerning the enforceability of the Mortgage are addressed in the opinion of Collins & Blaha, P.C., special counsel to the Academy, provided to you, and we express no opinion herein as to the validity or enforceability of the Mortgage or any of the liens created thereby.

With respect to the valid existence of the Academy as a Michigan public school academy, the power of the Academy to enter into and perform its obligations under the Financing Agreement and other documents to which it is a party, the due authorization, execution and delivery of the Financing Agreement, the Municipal Obligation and the other documents to which the Academy is a party and the validity and enforceability of them against the Academy, we refer you to the opinion of Collins & Blaha, P.C., special counsel to the Academy, dated the date of this letter and addressed to you.

We have assumed the due authorization, execution and delivery by, and the binding effect upon and enforceability against, the Trustee of the Indenture.

We also note that various issues concerning the enforceability of the Letter of Credit are addressed in the opinion of Dickinson Wright PLLC, counsel to the Bank, provided to you, and we express no opinion as to those issues.

As to questions of fact material to our opinion, we have relied upon representations of the Authority and the Academy contained in the Financing Agreement and the Indenture, the certified proceedings and other certifications of public officials and others furnished to us, including a nonarbitrage and tax compliance certificate of the Authority and the Academy and certifications furnished to us by or on behalf of the Authority and the Academy, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Authority is a public body corporate and politic validly existing under the laws of the State of Michigan with the power to enter into and perform its obligations under the Indenture and the Financing Agreement and to issue the Bonds.
2. The Indenture has been duly authorized, executed and delivered by the Authority and is a valid and binding obligation of the Authority enforceable upon the Authority in accordance with its terms. The Indenture creates a valid lien on the Security and on the rights of the Authority under the Financing Agreement (except certain rights to indemnification, reimbursement and administrative fees).
3. The Bonds have been duly authorized, executed and delivered by the Authority, and are valid and legally binding limited obligations of the Authority, payable solely from the Security and from payments made under the Letter of Credit.

4. The interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, it should be noted that certain corporations must take into account interest on the Bonds in determining adjusted current earnings for the purpose of computing such alternative minimum tax imposed on such corporations. This opinion set forth in clause (a) above is subject to the condition that the Authority and the Academy comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. The requirements include rebating certain earnings to the United States. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Academy, on behalf of itself and the Authority, has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds and the interest thereon.

5. The Bonds and the interest thereon are exempt from all taxation of the State of Michigan or a subdivision thereof, except estate taxes, gross receipt taxes and taxes on gains realized from the sale, payment or other disposition thereof.

By the terms of the Indenture, the Financing Agreement and other relevant documents, the interest rate on the Bonds may be converted to a Fixed Rate or an Alternate Letter of Credit may be delivered in substitution for the Letter of Credit or certain other changes or actions may be taken under the circumstances and subject to the terms and conditions set forth in such documents subject to receipt of an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to the effect upon any Bond or the excludability of the interest thereon for federal income taxation purposes resulting from any conversion of the interest rate on the Bonds to a Fixed Rate or the delivery of an Alternate Letter of Credit or any other such change or action.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion regarding (i) the accuracy, adequacy or completeness of any disclosure document relating to the Bonds or (ii) the perfection or priority of the lien on the Security or other funds created by the Indenture. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than an expressly set forth herein.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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APPENDIX C

FORM OF OPINION OF THE ATTORNEY GENERAL

Michigan Public Educational Facilities Authority
Richard H. Austin Office Building
Lansing, Michigan

In my capacity as Attorney General of the State of Michigan, I have caused to be examined a closing transcript and, in particular, the following documents relating to the issuance by the Michigan Public Educational Facilities Authority (the "Authority") of bonds designated MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY LIMITED OBLIGATION VARIABLE RATE DEMAND REVENUE BONDS (MICHIGAN TECHNICAL ACADEMY PROJECT) SERIES 2008 in the aggregate principal amount of \$3,885,000 (the "Series 2008 Bonds"):

(1) Executive Order 2002-3 and the Shared Credit Rating Act, 1985 PA 227, as amended, (the "Enabling Legislation") which collectively created the Authority and empowered it to issue revenue bonds;

(2) a certified copy of the resolution adopted by the Authority on July 2, 2008 authorizing the issuance of the Series 2008 Bonds (the "Resolution");

(3) an executed counterpart of the trust indenture dated as of February 1, 2006 (the "Trust Indenture"), entered into between the Authority and The Bank of New York Mellon Trust Company, N. A. as trustee (the "Trustee"), as amended and supplemented by a 2008 Supplemental Trust Indenture dated July 1, 2008 (the Trust Indenture as amended and supplemented, the "Indenture");

(4) an executed counterpart of the financing agreement dated as of July 1, 2008 (the "Financing Agreement") entered into between the Authority and Michigan Technical Academy, a Michigan public school academy (the "Academy");

(5) a copy of the irrevocable letter of credit (the "Letter of Credit") issued by Fifth Third Bank, an Ohio banking corporation (the "Bank");

(6) executed counterparts of the amended and restated state aid agreement dated as of July 1, 2008, (the "State Aid Agreement") among the Authority, the Trustee, the State Treasurer, the Central Michigan University Board of Trustees, and the Academy;

(7) a Nonarbitrage Certificate of the Authority;

(8) one Series 2008 Bond as executed, or a specimen thereof; and

(9) one bond issued by the Academy (the "2008 Municipal Obligation").

The Series 2008 Bonds are being issued for the purpose of (i) purchasing the Academy's 2008 Municipal Obligation, as evidenced by the Financing Agreement; (ii) providing funds to pay certain costs relating to the issuance of the Series 2008 Bonds.

By the terms of the 2008 Financing Agreement, the Academy has contracted to make repayments at times and in amounts sufficient to enable the Authority to pay the principal of, premium, if any, and interest on the Series 2008 Bonds. Pursuant to the Indenture, the repayments to the Authority from the Academy and certain rights of the Authority (to the extent specified in the Indenture) have been assigned by the Authority to the Trustee as security for the Series 2008 Bonds.

The Academy will execute and deliver an amended and restated mortgage (the "Mortgage") in favor of the Trustee as additional security for the Series 2008 Bonds.

Security for the repayment of the Series 2008 Bonds is also provided by the Letter of Credit as to which I express no opinion.

In rendering this opinion, I have relied upon the opinion, dated today, of Collins & Blaha, P.C., counsel for the Academy, to the effect that the Financing Agreement and Mortgage are valid and binding obligations of the Academy and as to other matters set forth in the opinion. I express no opinion as to the validity or enforceability of the Financing Agreement, the Municipal Obligation, the Mortgage, or any liens created thereby. I have assumed the due authorization, execution, and delivery by, and the binding effect upon and the enforceability against, the Trustee of the Indenture. I have also assumed the accuracy of and relied upon the information and representations contained in the Financing Agreement and the certificates of the Academy (including specifically the representation that the Academy is a public school academy under Michigan law and the representation and covenant by the Academy that it will comply with Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and I have made no independent investigation of the accuracy of the information and representations contained therein.

Based on the foregoing, I am of the opinion that, under existing law as presently interpreted:

1. The Authority is a public body corporate and politic of the State duly organized and validly existing under the Constitution and the laws of the State, including particularly the Enabling Legislation.
2. The Authority has the power under the laws of the State to adopt the Resolution. The Resolution has been duly adopted by the Authority, is in full force and effect in the form adopted, and is the valid and binding action of the Authority.
3. The Indenture and the Financing Agreement have been duly authorized, executed, and delivered by the Authority and constitutes a valid and binding agreement of the Authority enforceable in accordance with their terms.

4. The Series 2008 Bonds have been duly authorized, executed, and delivered by the Authority and, when duly authenticated, will constitute valid and binding limited obligations of the Authority enforceable in accordance with their terms, payable as to the principal of, premium, if any, and interest thereon solely from the security pledged therefor under the Indenture (which security includes the Municipal Obligation) or otherwise provided by the Academy.

5. The Series 2008 Bonds are limited obligations of the Authority. The Series 2008 Bonds, including the interest thereon, are not general obligations of the Authority and do not constitute obligations, debts, or liabilities of the State and do not constitute a charge against the general credit of the Authority or a charge against the credit or taxing power of the State. The Authority has no taxing power.

6. Interest on the Series 2008 Bonds (i) is excluded from gross income for federal income tax purposes, and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), interest on the Series 2008 Bonds is taken into account in determining adjusted current earnings. This opinion is subject to the condition that the Academy and the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2008 Bonds in order that interest on the Series 2008 Bonds be, or continue to be, excluded from gross income for federal income tax purposes. The Academy has covenanted for itself and on behalf of the Authority to comply with each such requirement. Failure to comply with certain of those requirements could cause the interest on the Series 2008 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2008 Bonds. I express no opinion regarding other federal tax consequences arising with respect to the Series 2008 Bonds.

7. The Series 2008 Bonds and the interest thereon are exempt from all taxation provided by the laws of the State except estate taxes and taxes on gains realized from the sale, payment, or other disposition thereof.

Enforceability of the Series 2008 Bonds, the Financing Agreement and the Indenture, may be subject to bankruptcy, insolvency, reorganization, moratorium, and other laws affecting creditors' rights that have been or in the future will be enacted to the extent constitutionally applicable and their enforcement may be subject to the exercise of judicial discretion including the application of general principles of equity.

I express no opinion on the investment quality of the Series 2008 Bonds or whether the facts, figures, or financial information or other statements made respecting the Academy contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make those statements, in the light of the circumstances under which they were made, not misleading.

Sincerely yours,
MIKE COX
Attorney General

Assistant Attorney General

Assistant Attorney General



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